

**VILLAGE OF PLEASANT PRAIRIE
PLEASANT PRAIRIE VILLAGE BOARD
PLEASANT PRAIRIE WATER UTILITY
LAKE MICHIGAN SEWER UTILITY DISTRICT
SEWER UTILITY DISTRICT "D"
9915 39th Avenue
Pleasant Prairie, WI
November 23, 2009
6:30 p.m.**

A Special Meeting of the Pleasant Prairie Village Board was held on Monday, November 23, 2009. 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 Michael Pollocoff, Village Administrator; Kathy Goessl, Finance Director/Treasurer and Jane Romanowski, Village Clerk. One citizen attended the meeting.

- 1. CALL TO ORDER**
- 2. PLEDGE OF ALLEGIANCE**
- 3. ROLL CALL**
- 4. PRESENTATION OF 2010 BUDGET**

Kathy Goessl:

Mr. President, tonight we will be going over the general fund budget and also the Tax Increment District and the special revenue funds of the Village. On this organizational chart it shows everything in blue is what we're looking at getting approved tonight. The green which is the utilities, the RecPlex and the fleet internal service fund, we're still working on and we'll bring forward in December.

We'll start out with the operating section of the budget. This is a summary. There's a lot of numbers on here but let's look at just like from the totals instead of looking at all the detail. Since our presentation on November 2nd, we've made an adjustment, and the adjustment affects all departments that have full-time employees. That adjustment is a reduction in health insurance cost.

The health insurance we increased the deductibles which reduced our cost, but for the employees they have the same benefits but they're getting reimbursed by the health reimbursement account. So the \$139,000 is due to health insurance. Other than that this budget that's being proposed is the same as was presented on November 2nd.

You can see revenues on the far right hand side are down \$329,000. This is mainly due to licenses and permits being down almost \$400,000, and then also public charges for services being down over \$100,000, and also other revenue interest on investments being down \$100,000. It's offset by an increase in other taxes which is the tax that the water utility pays the general government of \$140,000.

Village Board Meeting
November 23, 2009

If you look on the far right hand side again the expenses are also being brought down to compensate for the reduction in revenue. The expenses are down \$160,000. We have no raises in this budget for any of our departments, and most of the expenses stayed level. The net gain at the bottom you see is a \$194,000 reduction. Last year, on the far left hand side, we had a gain in surplus or budgeted surplus of almost \$350,000. This year we're looking only at a gain of \$155,000 which makes up for the rest of the reduction in the revenue that we had in 2010.

We'll now look at the revenue, operating and revenue side of the general government budget. These are our major categories of revenue, property tax being the largest of them. Property taxes are up slightly, \$86,000. Intergovernmental revenue is up \$91,000, and that's mainly due to road grants from the State that went up \$100,000. The road grant is based on our expenditures for the last three years. Licenses and permits went down, and this is mainly due to the economy and the building permits reduction and also zoning permits. This also includes liquor licenses and bartenders and dog licenses.

Other taxes went up \$116,000. That is mainly due to the utility tax equivalent being paid by the water utility. Then public charges for services are also down. This has rescue billings, engineering. The only thing that's really up in this area a large amount is franchise fee which is a new fee. We budgeted conservatively last year, so this is up \$40,000. Street lighting district is also up because we added a new district west of the I. That's up \$47,000. Other than that most of the other stuff is down in that area. And the other category is also down \$98,000, and the main reason for that being down is interest income, banks, we're making less than one percent at the banks right now.

This is a summary on dollar values of these different areas. I talked about most of these in terms of why they're down, and you can just see them in number value. Our total is down \$328,000. Then we have a revenue enhancer at the bottom. That is basically a small increase in inspection fees, and then Engineering Department vehicle charge out to projects and developers for the use of their vehicles.

Now, on the opposite side the operating expenses, the money going out, these are the major categories of our operating expenses. Public safety includes our police department, fire and rescue, public safety communication and inspection. There are no raises for 2010 in this area as well as any of the other areas. And there has been one vacancy in fire and one in police that have been budgeted to stay vacant for next year.

Public Works went down in expenditures. This category includes engineering, streets and street lighting. The reason it went down is due to a reorganization in the Public Works administration area and clerical area, reallocating less clerical and administrative salaries to the Public Works area in general government and more to the utilities, water, sewer, clean water and solid waste. Also, the reduction there is due to fleet Internal Service Fund charges. As we went through the budget process or went through the actual year of the Fleet Internal Service Fund, the Highway Department got charged less. A lot of vehicles are used in other areas that are owned by the Public Works Department, therefore less is being charged to general government and more is being charged to the utilities.

Village Board Meeting
November 23, 2009

General government is Village Board, Municipal Court, Administration, HR, IT, Finance, Assessing and the Village Hall. The main increase here is some legal expenses that we are budgeting for contingency. Other than that there are no raises in this area either. CD went up slightly before reduction in personnel. There's a reduction down in program reductions for Community Development, but the rest of the expenses went up slightly in that area.

Parks went down and that's also due, again, to a reorganization in the Public Works administration and clerical, and also which reduced about \$14,000 off of this budget, and also due to the Fleet Internal Service Fund the use of mowing equipment and allocation. We're switching how we're allocating mowing equipment for 2010. In the past we've not charged the other utilities or departments for the use of the equipment that the Parks Department uses to mow, just the personnel. Now we are going to charge them for both the personnel as well as equipment that they use. And, therefore, there's less of an expense in parks and more in some of the enterprise funds that they mow grass for and some of the departments they mow grass for within general government.

Last year we had a contingency. This year we don't have a contingency budgeted for. New programs of \$88,000 - the major new program there is Emerald Ash Borer spraying for \$50,000, and a temporary GIS technician for the implementation of City Works software for \$22,000. Program reductions \$183,000, is mainly personnel changes of \$152,000 affecting Municipal Court, Fire, CD and Inspection for a total proposed operating expenditures of \$11,252,959, a decrease by almost \$160,000 from 2009.

That was the operating section and now we'll switch to the capital section. The capital fund is mainly the major expenditures in that area to do with the Fire and Rescue Department and also road maintenance. On the top section are our revenues for this fund. There's an increase here of almost \$300,000 in property tax in the capital fund. That was intentional. In the past couple years, we have identified that we wanted any reduction in debt prior to 2008 to be used for road maintenance and be kept in capital and not put in operating and the debt went down almost \$300,000 prior to 2008 so all that money went into the capital fund.

Grants went down. This year, 2009, we had a grant for 85th Street that was a large grant that was over a million dollars. Next year the grant we have up there that is budgeted is \$360,000 which is federal stimulus money for Cooper Road. Impact fees, this is a collection and accumulation of impact fees., and there's a reduction there due to the reduction in development, less impact fees, less building being done. Other includes interest and sales of equipment and that's also down \$44,000. Total revenue is down over \$800,000 mainly due to the grant being different from one year to the next.

Capital outlay we're proposing \$2.5 million of capital outlay down from \$1.8 last year. It's just the change in the projects that we're recommending or the equipment that we're proposing to buy. Capital outlay the major part of the \$2.5 million is road maintenance projects which total \$1.2 million, and that's 116th Street, Mission Hills, Industrial Park and Cooper Road is in the \$1.2 million road maintenance. The next major expenditure in capital outlay is a pumper tanker fire engine for \$472,000. Those are the two major expenses for capital outlay.

Village Board Meeting
November 23, 2009

Borrowing - the net proceeds we're looking at borrowing is a little over \$1 million, and the borrowing is going to be for the tanker, pumper tanker fire engine, an ambulance and other fire vehicles and equipment plus voting equipment replacement for total borrowing of a little over \$1 million net. This fund we're looking at a net gain of about \$75,000, a little bit different. Last year we actually budgeted a little reduction in this fund and this year a little bit of an increase.

The third and final fund of the operating budget is debt service fund. On the top section are our revenues for this fund. Basically the tax levy here is to cover principle and interest payments minus any other miscellaneous revenue sources. So the tax levy here is actually going down \$51,000. We have other revenue sources of special assessments and interest income for total revenue of almost \$2.3 million in this fund. That covers the debt and principle payments exactly at \$2.2 or \$2.3 million with this fund being a balanced budget with no gain or loss being recognized.

This is all three of these funds being put together in one total summary page. You can see the top line is the property tax revenue at \$8.8 million. This is our actual max amount that we can levy per the State formula. Other revenue sources total \$6.5 million, and then expenditures of \$16.1 million. We're borrowing a little over \$1 million for a net change in all three of these funds combined of just a little over \$200,000.

We want to maintain a fund balance of at least 15 percent. This shows our fund balance starting the year off of a little less than \$5 million and ending the year at a little over \$5 million. We look at what's unreserved which is \$2.7 which comes to about 18 percent, a little bit higher than our 15 percent, but with the uncertainty in the economy in the future we would like to maintain a little bit greater than 15 percent if we can.

How does this affect the total property tax bill for the Village? We have all of our levy information from all the different taxing entities in the Village. The only thing we do not have at this time is the school tax credit. Kenosha Unified - their tax mill rate was \$8.90 last year and they're going up to \$8.99. Everybody is going up a little bit. The Kenosha County was \$4.06 last year, now \$4.12 for this 2010. The Village \$3.38 to \$3.40 and Gateway \$1.24 to \$1.26. The State stays the same at \$.17 for both years.

The Village accounts for 19 percent of the taxes, and a median residential home at \$242,600 the Village's tax increase would be \$3.71, and the overall increase with all the taxing districts here for an average or a median residential home would be \$15.83 without the school tax credit change figured in here yet. We're not sure if that's going to go up or down, but right now without that an average or median residential home would be paying \$15.82 more than they did this year.

This chart you saw in the presentation on November 2nd. It just shows the Village's mill rate and the history of the Village's mill rate. We had a self-imposed levy limit from 2003 through 2005, and a mandatory levy limit by the State from 2006 through current. And pretty much the majority of the years have either decreased the mill rate or remained the same. That's the general operating which included operating debt and capital.

Village Board Meeting
November 23, 2009

Another area we're looking at is Tax Increment Districts which we have two of them. The major one is Tax Incremental District #2. The property tax increment is determined by the State of Wisconsin formula based on equalized value with and without TID. Our property tax increment for TID #2 this year is a little over \$4.7 million, an increase of almost \$341,000. This slide shows both the budget for last year and then my estimate for 2009 and then our proposed 2010.

For land sales we budgeted \$3.1 million, and that was budgeted for the State to pay us their first installment for the frontage roads and to sell some land along the Interstate. The economy wasn't good to sell land, so the \$1.9 million of land budgeted did not happen, and the State will be paying their first payment not this year but next year. So you can see land sales of zero. And next year we're proposing \$2 million which is actually the State on their first installment for the frontage roads.

Other revenue is interest income and special assessments, and that is going down slightly to \$45,000. Capital improvements is per the TID #2 amendment 3 project plan adopted in August 2008 with adjustments per revised estimates and actuals that have happened over the last couple years, and also changes in plans. We're looking at similar expenditures for 2010 as we did for 2009, expenditures of \$10.2 million, a little less than last year by about \$1 million.

Also, debt activity, we have debt payments and new proceeds. You can see the debt payments are going up based on what kind of fund balance we have in that fund should make those debt payments by \$3.2 million. No new proceeds. We're looking at borrowing almost \$1 million next year to help with our capital expenditures.

Fund balance, you can look and see we're looking at proposing the end of the year at \$1.1 million. Fund balance can fluctuate all based on when we borrow and when the money is spent or if a project is delayed. So we actually ended last year with a negative due to delaying our borrowing and also not selling any land, but then it flips over when we borrow again and the projects get delayed or accelerated. So this is TID #2, our biggest TID.

This is TID #4 which is the blight elimination for property located at 22nd Avenue and 91st Street. The total project cost when issued was anticipated at \$715,000. The developer financed the project, and the majority of the project is completed. And it did actually come in lower than \$715,000. These increments, what's on the screen there is just the increments that we are collecting from that TID. The property tax increment this year was only \$47. This next year will be a little over \$3,000. Whatever we collect is paid back to the developer to help him reimburse for his costs that he spent to eliminate the blight on the property.

Special revenue funds includes our Veteran's Memorial, our fire fund which includes our big fundraiser for the Fire Department of Steak by Fire, and then our police fund which is our major supporter of our canine dog. So here are the four different funds. The revenue is mainly donations except for the federally forfeited which is equitable sharing of federal funds. And then the expenses are mainly minor equipment. The police fund uses it to support their police dog, and the federally forfeited this next year that fund is donating \$10,000 or using \$10,000 of their funds to purchase the majority of the tasers that we had in the general capital project budget. So these are very minor funds with only a fund balance of around \$50,000 give or take.

Village Board Meeting
November 23, 2009

For the future - this is just reiterating what we had last year and just kind of reminding us in terms of what we were looking at trying to keep in terms of how we were doing our budget. The first thing is municipal levy limits at rates allowed by the State. So we want to levy up to the maximum levy limit, especially in these economic times that we currently have. Debt reduction - when prior 2008 debt service payments decline, do not decrease levy, purchase capital and resurface roads. We did that and our debt declined prior to 2008 by about \$300,000. We increased capital expenditures by about \$300,000.

Use impact fees to save existing taxpayers' money. We used impact fees in 2009 for the north ball field playground and amenities for \$15,000, and we also used \$42,000 for the Fire Station No. 3 design. For 2010, we do not have any impact fees scheduled to be used on any of the projects.

Borrow only for major Village wide capital purchases. The only thing we're borrowing for next year is the Fire Department's pumper tanker fire truck and other major vehicles and equipment for the Fire Department. These benefit the taxpayers Village wide, and they have a useful life of close to ten years or over.

Use fund balance only as a last resort. And then the last thing is to have the reserve fund must remain above 15 percent. And the proposed budget here actually the general government part was like 20 percent, and then overall in those three operating debt and capital are 18 percent. So we have kept our fund balance above the 15 percent that we would like to have it.

So this is the presentation for those areas, general government, operating, debt and capital and the TIDs, TID 2 and 4, and then also the special revenue funds, those small funds, Police, Veteran's Memorial, federal forfeited and Fire and Rescue. So we're looking for approval of these funds budgets and if you have any questions or comments.

John Steinbrink:

Questions or comments for Kathy?

Steve Kumorkiewicz:

Simple question for Kathy. How much was the price of the tanker for the fire department?

Kathy Goessl:

\$750,000 and some.

Steve Kumorkiewicz:

Thank you, Kathy. That's . . . \$400,000 . . .

Village Board Meeting
November 23, 2009

Kathy Goessl:

Initially there was \$400,000 and we were going to do it over two years, so the initial one said \$400,000 and then the rest was going to be in the second year which was 2011. But instead we decided to make it all 2010 and bring it back, so that amount was \$742,000.

Mike Pollocoff:

The pumper tanker this year is going to change out with some EPA regulations concerning diesel equipment. So this is the last year we can purchase a diesel truck and not have to have another tank on the truck for Uria. So when we were going to stage it over a two year period it didn't just make sense anymore. No one is going to hang on to a chassis for that long without paying a carry on it. So we collapsed two together. So this would be both for Fire, Solid Waste and Public Works, the last year we're going to be able to purchase a heavy piece of equipment that's going to run on diesel alone. So that will be at a significant savings. In the future it won't be at a significant savings. We're going to have to maneuver around and put in some bulk storage for Uria to carry that on the trucks as well as the diesel.

One thing I might add to Kathy's presentation is that in some respects when you look at where we're going in 2010 you have to look at where we came in 2009. In January of last year, it was probably as dismal an outlook as you could imagine as we all think back. We've made some adjustments in the budget during the period, but in the 2009 year budget we dealt with the most snow that we had with record setting snow. We got through that. We had what has been equated to almost a 500 year storm event in June and we moved through that. We're still preparing engineering solutions to address some of the flooding issues that occurred in areas of the Village. Police and Fire both went through years where the number of complaints, although the economy wasn't doing good, their complaints were doing great. There were a lot of people that were requesting service or needing service.

The Community Development Department operating without Jean Werbie for a year. She had a little spot where she was in there. Tom Shircel and Peggy Herrick did a good job of keeping that department going in that interim period. We dealt with some trying times financially where funds were being cut from the State and funds were being cut because nobody was taking out permits. And I believe that we were able to manage to keep operations, whether it be Public Works, collecting solid waste or leaves or pushing snow or you look at the police clearance rates, the rescue responses. I think the Village did a good job in a tough economic environment.

The other thing we did this last year was we paved nearly three miles of roads that were Village roads. And we paved or rebuilt two miles of roads that are going over the State as far as frontage roads that are our part of TIF District #2. This budget, as Kathy indicated, is going to pave almost two miles worth of roads next year, purchase Public Works equipment, replace squads, replace an ambulance, replace a pumper tanker and do that without borrowing for the whole thing.

The one thing I've talked to the employees about is we really need to look at 2010 as a repeat of 2009. As uncomfortable as it was at times to get through, we got through it and we just need to

Village Board Meeting
November 23, 2009

do the same thing next year. I think as long as the Village sticks to that management plan that we put together two years ago where we take that amount of money that we're retiring debt, take that money and put it into those long-term capital improvements, I think the public is going to be happier because we're going to be improving more and more roads each year because that number gets bigger each year.

So I think this coming year we'll definitely be in better shape than we were in 2009. There are signs that the economy is starting to—it's not going to be what it was in 2008 but it's turning around. It's not going down over the cliff. I think we're going to be okay. We'll be able to ride through this year just like everybody is riding through the year, whether you're a taxpayer or you're working here or what have you and take a look at where we are in 2011. Hopefully we're in a better place.

We do need to have the levy set at the maximum if only because in this case we have two new large taxpayers. We have large taxpayers that are now on the tax roll. It doesn't make any sense to do a reduction in taxes when we have more people to serve like the Target or the Penny's and all those areas. I think for the amount of money extra that we're looking for we're not looking at an increase that's above what our inflationary costs are. So those would be my comments following Kathy's presentation of the budget. Mr. President, if you want to open up the hearing or if there are any comments you'd like to make before we do that.

John Steinbrink:

Are there any comments or questions from Board members before we open the hearing?

A. Proposed 2010 Budget Hearing

- 1) Citizen Comments**
- 2) Closing of Budget Hearing**
- 3) Board of Trustee Comments**
- 4) Resolution #09-41 relating to Adoption of 2010 Budget and Property Tax Levy including Capital, Debt Service and other funds of the Village budget.**

John Steinbrink:

This is a public hearing. We ask that you give your name and address for the record and use the microphone.

Jane Romanowski:

Nobody signed up.

John Steinbrink:

Anybody wishing to speak on the proposed 2010 budget? Hearing none, we'll close the budget hearing and open it up to Board comments from Trustees.

Village Board Meeting
November 23, 2009

Mike Serpe:

Not to repeat what I said a couple weeks ago but, again, a responsible budget. It kind of tears your heart out a little bit when you have to lay people off at the worst time in history during a poor economy. I guess the encouraging thing, like Mike said, is we'll continue to supply the services that the people need and that they expect out of this Village. Mike, I commend you and the staff and all the employees of this Village for just keeping it running and really haven't missed a beat or skipped a beat.

I also commend the employees for accepting the fact that there's no pay raises. There was virtually they all understood. They knew the times that we're in. So I guess we have a lot to be proud of that we're able to continue to be a great place to work, live and play. That's our motto and we'll continue that. So, again, Mike to you and your staff and to the employees, job well done.

John Steinbrink:

Pretty much on your lines, Mike, when you're out in public and you're in different places and people approach you and they're pretty much happy with the service we're providing here in the Village and they're happy to be residents of the Village. They understand the tough times we're going through. Every little thing we do makes a big difference. And this time of year it's leaf collection and, I'll tell you, people couldn't be happier to have the Village come by and pick up their leaves like we do and dispose of them and make compost that they can pick up when they put it in their gardens or flower beds. So it's the little extra things we do. They're very happy with the RecPlex and a lot of anticipated for the pool. That's the things you hear when you're out there in public. So good job, Mike, and good job to all our employees.

Mike Serpe:

You're looking for resolution approval?

John Steinbrink:

We need a resolution for 09-41.

Mike Serpe:

So moved.

Steve Kumorkiewicz:

Second.

John Steinbrink:

Motion by Mike, second by Steve. Any further comment or question on Resolution 09-41?

Village Board Meeting
November 23, 2009

Steve Kumorkiewicz:

Mike, you said it all so nothing has to be said. Credit to the employees and administration. Excellent job working together.

John Steinbrink:

We have a motion and a second for Resolution 09-41 relating to adoption of the 2010 budget, property tax levy. This includes capital, debt service and other funds of the Village budget.

SERPE MOVED TO ADOPT RESOLUTION #09-41 RELATING TO ADOPTION OF 2010 BUDGET AND PROPERTY TAX LEVY INCLUDING CAPITAL, DEBT SERVICE AND OTHER FUNDS OF THE VILLAGE BUDGET; SECONDED BY KUMORKIEWICZ; MOTION CARRIED 5-0.

6. CITIZEN COMMENTS

Jane Romanowski:

No sign ups, Mr. President.

John Steinbrink:

Anyone wishing to speak under citizen comments?

7. VILLAGE BOARD COMMENTS

John Steinbrink:

Wish everybody a happy Thanksgiving.

Mike Serpe:

Happy holidays to everybody.

8. ADJOURNMENT

ALLEN MOVED TO ADJOURN THE MEETING; SECONDED BY SERPE; MOTION CARRIED 5-0 AND MEETING ADJOURNED AT 7:10 P.M.