VILLAGE OF THIENSVILLE
2015 BUDGET WORK SESSION
MINUTES

DATE: **Wednesday, October 8, 2014** **LOCATION:** **250 Elm Street**
Thiensville, WI 53092

TIME: **5:00PM**

I. CALL TO ORDER

President Mobley called the meeting to order at 5:00 PM.

II. ROLL CALL

President:	Van Mobley	
Trustees:	Kim Beck	Kenneth Kucharski
	Ronald Heinritz	David Lange
	Robert Holyoke	John Treffert (5:14)
Administrator:	Dianne Robertson	
Finance Admin/Assistant Administrator:		Colleen Landisch
Staff:	Police Chief Scott Nicholson, Fire Chief Brian Reiels (excused) & Director of Public Works Andy LaFond	

III. REVIEW AND DISCUSSION OF THE PROPOSED YEAR 2015 BUDGET

A. Overview of the proposed budget by Finance Administrator/Assistant Administrator Colleen Landisch

The following is the budget memorandum from Colleen Landisch, Finance Administrator which summarizes the 2015 budget:

With this memo I am distributing the following 2015 Budget draft:

- General Fund Expenditure/Revenue Summary
- Expenditure/Revenue Summary of All Funds
- Summary of General Fund Expenditures
- Major Capital Purchases Lists
- Property Value Summary
- Tax Rate Comparisons
- Shared Revenue Comparison
- Public Hearing Notice
- Major Capital Purchases List
- Fund 1 – General Fund
- Fund 6 – Fire Department Equipment Replacement Fund (Ambulance Revenue)
- Fund 9 – Tax Incremental District #1
- Fund 11 – CE#3 Special Assessment Fund (Closed)
- Fund 14 – Capital Project Fund
- Fund 15 – LAWDS Special Assessment Fund & Fund 16 – Old Village Hall Fund
- Fund 17 – Detention Pond & Madero Drainage Fund
  & Fund 18 – Pigeon Creek Fund (Closed)
- Fund 19 – Stormwater Management Fund
  & Funds 51 & 52 – Special Assessment Collection Funds
- 2015 Library Funding Projection
- Salary Projections

As in the past, the General Fund budget presented complies with the State Expenditure Restraint Program. The Village Board then reviews the Capital Projects budget to make amendments that achieve the tax rate goal for the community. The draft that is being presented also complies with the State mandated levy cap that also allows for a miniscule "net new construction" allowance. This budget draft does not compensate for any of the "net new construction" and freezes the levy for another year. However, considering the strain on the municipality to operate year after year with a 0% levy limit it is recommended that the Village Board consider capturing the miniscule increase resulting from this year's net new construction.

With the extended TID timeline the Village Board will have the unique opportunity to complete some infrastructure projects and maintain the Tax Stabilization Fund.

- **Summary Sheets & History of Rates and Assessments**

  Summary #1 is a summary by department in the General Fund from 2010 through 2015. **Summary #2** compares each fund by expenditure and revenue for 2010 through 2015. **Summary #3** is a General Fund percentage comparison by department for 2015. **Summary #11** is a comparison of assessed and equalized value for budget years 2009 through 2014. You will note that the ratio of assessed value is estimated to be 105.448%. There is a $1,448,659 increase in assessed value for 2014, with the majority of the increase resulting from the Shully's restaurant building addition and the rest resulting from residential property improvements.
  Summary #12 is a tax rate comparison for calendar years 2010 through 2015. In the lower right corner you will note the Village equalized value comparison. The 2015 line items are not complete until the levy information is received by the other taxing authorities.
  Shared Revenue Comparison This is a detailed list of Shared Revenue received from the State of Wisconsin from 1986 through the projected 2015.
  Public Hearing Notice This is the draft Public Hearing Notice. The date suggested is Monday November 10th at 6PM. This is published 15 days prior to the public hearing.

- **Major Purchases – Detail List** **(Summaries 4-10)** This section is a detailed list of capital purchases by each department. The goal is to maintain the bottom line budget allocation while the Village Board determines which projects to fund.

- **Fund #1** There is a projected decrease of 1.50% in State Shared Revenue for 2015 and a projected 5.72% increased budget for Highway Aids. The increase is a result of the State under Act 20 increasing funding for General Transportation Aids beginning in 2015 by 4%. The increase in Highway Aids is also a direct reflection of the road work that the Village has completed in 2014, a part of the State budget reflects road revenue distribution relating to the miles of highways and the money spent to maintain them. When you increase expenditures on roads the revenue increases in a like manner. The interest income budget will remain at $42,039, which is $29,262 or 229% greater than 2013 actual of $12,777. Considering that interest rates have not rebounded, this line item is still budgeted very aggressively but there is little that can be done without greatly reducing a line item in another spot of the budget. There may need to be reduced expenditures should the interest income not be realized at budget level. I have continued to budget $181,593 of fund balance in the revenue side of the budget and $139,703 of contingency in the expenditure side of the budget to maintain expenditure restraint. The contingency also will help make up the difference in future years step increases for new employees. As with the interest line item it is very difficult for a small budget to take the "swings" in line items.

Salaries have been budgeted at a 2.5% overall increase. On the employee benefit side, Wisconsin Retirement Fund decreased the contribution by .40% for General Employees and .88% for Protective with Social Security Employees. In like manner, all employees will pay 6.8% of the retirement premium. There also was a decrease in health insurance premiums projected for 2015. The combined result of the reduced WRS contribution rate and lower health insurance premiums has decreased overall Fringe Benefit expenses by about $29,000 or 4.8%. Also, budgeted is the $1,000 contribution to the Flex Benefit Account for the health insurance deductible. Due to 2015 not having as many elections as 2014, election related expenses have decreased by $3,800. Worker's Compensation Insurance premium will increase by $7,654 in 2015.

	2014 Budget	2015 Budget	Change	%
Revenue				
State Shared Revenue	110,726	109,154	(1,572)	-1.42%
Local Transportation Aids	257,353	272,070	14,717	5.72%
"paper" Use of Fund Balance	181,593	181,593	-	0.00%
Expense				
Salaries & Wages	1,011,406	1,037,086	25,680	2.54%
Fringe Benefits	603,956	574,901	(29,055)	-4.81%
Election Expenses	8,100	4,300	(3,800)	-46.91%
Worker's Comp Insurance	39,165	46,819	7,654	19.54%
Contingency	139,703	139,703	-	0.00%

I will summarize the effect of the total budget and levy at the end of this report. As you are aware, the State mandated levy limit is 0% plus a stipend for "net new construction and unused prior year levy."

- **Fund #6** The Fire Department Equipment Fund includes a budget line item for medical supplies, schooling and other supplies for hospital-to-hospital transports and paramedic intercepts. This is a self-supporting fund. There is no tax levy required in this fund.

- **Fund #9** The 2014 transfer to the Capital Projects Fund was $433,049. In 2014, $200,000 of the TID increment was transferred to the Storm Water fund for the Riverview/Madero/Luisita project. For 2015 it is proposed to transfer $714,746 to the Capital Projects Fund. The increase in revenue is a direct result of increased equalized value. All TID transfers have been to the Capital Projects Fund so that when the TID is disbanded there will be an easier transition for the General Fund budget process.

- **Fund #11** This fund is the result of the Century Estates Water Co-Op #3 project. This fund was closed in 2013 for revenues and expenditures and is included to show prior history.

- **Fund #14** The Capital Projects Fund is projected to receive $714,746 from the TID Fund, and $242,600 tax levy. There are a host of proposals from department heads for the Village Board to consider.

- This year the following items are proposed: Assessment revaluation, Old Village Hall upper floor study, 2015 Main St. project, replenish Main St. water main, Village Park parking lot expansion, replace the Village Park restrooms/add a floating pier to the river edge, Board Room rooftop HVAC unit, Administrative Office copy machine, continue squad car replacement fund, police radios & tasers, fire engine replacement, fire station compressor, dive truck springs, continue DPW vehicle replacement fund, utility trailer, camera upgrade at the Public Works yard, brush chipper, street light pole replacements, street light glass fixture replacements, front end loader tires, emerald ash borer program, park bleachers and mower, annual Pigeon Creek maintenance, annual Fish ladder maintenance and an allocation for the farmer's market. (Please see the detailed department purchases list)

- **Fund #15** This fund is the result of the Laurel Acres Water Distribution System project. In 2014, there were the remaining expenditures from the installation of Lake Michigan water through the Mequon Water Utility to close out the project. This fund was closed in 2014 for revenues and expenditures and is included to show prior history.

- **Fund #16** This is the Old Village Hall Fund. This funds the utilities and improvements for the building. There is a tax levy of $3,400 for 2015.

- **Fund #17** The 2014 transfer to the Detention Pond & Madero Drainage Fund was $51,085 to eliminate the project deficit. This fund was closed in 2013 and is also included to show prior history.

- **Fund #18** The Pigeon Creek Fund was closed in 2013 and is included to show prior history.

- **Fund #19** The 2014 transfer to the Stormwater Management Fund was $200,000 from the TID Fund to pay the storm sewer portion of the MMSD PP/II (private property inflow & infiltration) project at Riverview/Madero/Luisita. MMSD is funding the sanitary portion of the project and Thiensville is responsible for the storm sewer portion. These funds are currently sitting in fund balance and are available for this project in 2015. There is no transfer from the TID Fund is proposed for 2015.

- **Funds #51 & #52** These funds were created to make debt service payments and collect special assessments for the two water co-op construction to connect to Mequon Water Utility. These funds will expire when the special assessments are collected in full in 2024.

The General Fund draft complies with the estimated Expenditure Restraint Program. The estimate percentage allowed for 2015 is near 1.6% the same as 2014 and 2013. The increase in the allowable percentage is attributed to mainly the consumer price index plus the net new construction within the community, which accounts for .25% (60% of the actual net new construction of +0.43 %). The 1.6% is my best manual estimate for the Expenditure Restraint calculation. To calculate the allowable increase you add the two pieces together (CPI + net new construction) which equal 2.03%
In Act 20 the State of Wisconsin Legislature mandates a 0% levy limit plus net new construction for 2013, 2014 & 2015. If a community exceeds the levy limit the State will reduce the shared revenues by a like amount. Under a 0% levy limit plus net new construction the Village's 2014 levy limit will be $2,158,108 which is a $9,155 increase from the prior year. The presented draft budget has no change to the 2014 adopted levy amount of $2,148,953.

However, considering the strain on the municipality to operate year after year with a 0% levy limit it is recommended that the Village Board consider capturing the slight increase of $9,155 resulting from this year's net new construction.
In order to avoid the slippery slope of relying on TID revenue to reduce the tax rate in future years, it is again proposed that the TID revenue be budgeted in the Capital Projects Fund.
The budget meeting starts at 5:00PM on Wednesday, October 8, 2014. I will have some food available. Good luck studying these documents that took the last several months to finalize. I look forward to going through these documents in detail with you and answering any questions you may have. Please call me if you would like a one-on-one overview.

A special thank you to the department heads who worked with me on bringing the lean General Fund budget to completion for your review and consideration.

B. Police Department by Police Chief Scott Nicholson

Police Chief Scott Nicholson gave a brief overview of his budget requests. The Village Board removed the maintenance line item for Live-Scan.

C. Fire Department by Administrator Robertson in the absence of Fire Chief Brian Reiels

Administrator Robertson gave a brief overview of the fire department budget.

D. Department of Public Works by Director of Public Works Andy LaFond

Andy LaFond Director of the Department of Public Works gave a budget request overview.

E. Balance of Departments by Administrator Robertson/Assistant Administrator Colleen Landisch

Administrator Robertson and Assistant Administrator Landisch summarized the balance of the departments budgets.

The Village Board instructed the Administrator to publish the Budget indicating the increase in the levy that is allowed by CPI & the growth factor.

IV. ADJOURNMENT

MOTION by Trustee Beck, **SECONDED** by Trustee Kucharski to adjourn the meeting at 7:43PM.
MOTION CARRIED UNANIMOUSLY.

Submitted by,	Approved by,
Susan R. Conway	Dianne S. Robertson
Administrative Assistant	Village Clerk