PLEASANT PRAIRIE PLAN COMMISSION MEETING
VILLAGE HALL AUDITORIUM
9915 39TH AVENUE
PLEASANT PRAIRIE, WISCONSIN
3:00 P.M.
April 30, 2007

A special meeting for the Pleasant Prairie Plan Commission convened at 3:00 p.m. on April 30, 2007. Those in attendance were Thomas Terwall; Donald Hackbarth; Wayne Koessl; Jim Bandura; John Braig; and Judy Juliana. Michael Serpe, Larry Zarletti and Andrea Rode were excused. Also in attendance were Michael Pollocoff, Village Administrator; and Jean Werbie, Community Development Director; Peggy Herrick-Asst. Planner/Zoning Administrator and Tom Shircel-Asst. Planner/Zoning Administrator.

1. CALL TO ORDER.

2. ROLL CALL.

3. NEW BUSINESS:

A. Discussion of the draft fiscal impact analysis model.

Jean Werbie:

This is a special Plan Commission meeting, a working session meeting, and we've also invited a number of the Village department heads. Two of our Trustees are also here this afternoon. And what we'll be discussing this afternoon is the fiscal impact analysis overview. As you will recall, over the last several months each time that the staff had been presenting some conceptual plans or preliminary or final plats for new development in the Village, there was always a paragraph or there was some reference that was made during those meetings that discussed the fact that we were doing this fiscal impact analysis to determine whether or not the new development that was coming to the Village was actually financially paying for itself or whether or not there was actually some type of financial support given to the Village and what needed to be done in order for this to be sustainable in the Village, each of those developments.

Ruth Otto, who is our IT Director, has been over the last several months putting together this fiscal impact analysis with the assistance and help of each of the department heads as it reflects services needed from each of those departments. And what we're trying to do today is provide the initial or first overview of this analysis. We are not going to be reaching any final conclusions today and we are not going to be voting on any matters today, but we'll be discussing the process and why we went through it and what we hope to looking for towards the future. With that, I'd like to introduce Ruth Otto who is our IT Director.

Mike Pollocoff:

Maybe before Ruth starts there are a couple of things I wanted to add onto this just to get it into perspective. The numbers you have in here that we're going to be going through, we're far from complete on some of these things. Some of the numbers are in pretty good shape. Some need some more re-work as far as inputs go but we still want to work on the process. So as you get these sheets you'll see we have to not focus so much on the bottom lines because we're not done. What we're really working on through now is process and method and plan how we're doing this so everybody can sign onto this. I see the *Kenosha News* is here, and I don't want anybody to take these and say this is what a seven lot development costs because we're not with it yet. We're not there yet but the process is what's important.

We got started on this when the State took away many of impact fees from us on some of the fees that we did levy. You have to look at this as though this is a piece of work that we're going to undertake and evaluate when somebody comes in before conceptual plan. As part of their conceptual plan, if it doesn't shape out fiscally is when the Village would be saying we can't afford this under the plans you have, not letting it get to a preliminary plat or final plat. Because right now once we have somebody that we've approved on and we've given them some process then they're on their way, or, a single certified survey map which, again, is a land division and you've given somebody approval.

So what we're going to be doing is different than what the impact fee statute called for. We're saying as you bring forward a concept and someone is going to have to do enough work to get us to review it, we may not–at that point of concept plan the Village may say based on the information given us and how that rolls out in our fiscal analysis this isn't going to be a financially advantageous improvement or development for the Village, sorry. We wouldn't be able to approve it. Or, it would cause a developer to reconsider what kind of financial assistance they would be willing to provide to the development. So this is all happening really soon in the whole development process, not after they've gone through final engineering, they've prepared a preliminary plat or anything like that. That's the goal of this process.

It keeps us out of the legal box of having to do impact fees because we really can't. But we do have the ability to say once this thing is tightened up the way we like it, we can make the decision at that point we can't afford it based on what it's going to cost a municipality to service or provide if this development proceeds.

Donald Hackbarth:

Mike, are you going to show us parameters or some kind of outline as to what would make it feasible or not for the Village to proceed with a development?

Mike Pollocoff:

I think when Ruth goes with that we'll see. There's some that we're still working on that need some more analysis on but that's where we're heading. This is a good model and I think Ruth has really done a good job to get us we're probably 90 or 95 percent there.

Donald Hackbarth:

Just a last thing. What would happen then if we say to a developer or a development that it's not feasible or fiscally sound to get it out of the realm of takings to say we're not going to let you or allow you to proceed?

Mike Pollocoff:

What we would be saying is, and it's not a takings, we could do it and that's why we haven't given them anything like a preliminary plat. At that point you've given them something that they didn't have before. Right now if they have a vacant piece of land you're not taking the land away from them. We do this to an extent, and sometimes there's times the staff has recommended not doing something because we can't afford to take care of it. It's been far and few between, but we haven't had the financial tool that really tells us and tells the Plan Commission and the Village Board what the financial implications are of each individual specific development that comes in. That's what this will give us. And if they say it's a takings this is where the attorneys are going to have to say, well, we haven't taken anything that you have yet. Your land is developable but maybe not right now.

Ruth Otto:

Let me start off by explaining a little bit about what route I chose to go forward on for the fiscal impact project. First I'll explain about what a fiscal impact analysis is. Really it predicts the financial consequences that development will have on a municipal budget. A fiscal impact analysis can be used to determine the relative benefits of annexation proposals, development proposals, and growth alternatives related to a comprehensive plan.

There are actually three methods in approaching a fiscal impact analysis study. The first is per capita multiplier method which is the most popular method, and what it generally takes is it uses a present per capita revenue and expenditures based on the projected increase in population from a growth projection. This type of method is most useful if the population of a new development is consistently like the present population of the community.

The next type of method is a service standard method. It's much like the per capita method but it uses a population change as a basis. This type of method is most useful to determine the actual service required to support the additional population at its basic level.

Pleasant Prairie doesn't have a consistent population type nor a consistent development type, and so I actually went down the route of the case study method which is the most intensive method of choice. It uses the details of expenditures and revenues at all the levels via the information from department heads. I did a lot of research in this area, and Paul Tischler made a quote here which is basically the capacity and ability of existing infrastructure to expand is addressed in a case study marginal cost fiscal analysis. Operating costs associated with capital facilities may also be higher in the case of an expansion of existing infrastructure and higher market values are associated with higher household incomes. This results in higher revenues from income taxes, sales taxes and other local revenues. Therefore, even though lower density development may require greater infrastructure and other costs, its higher revenues may result in more favorable fiscal results than higher density residential development.

The case study method was used to develop a fiscal impact analysis tool, I call it FIAT, for decision making on development. This method, while the most complicated to use, to be honest with you the research on this started back in July of 2006, so it's taken quite a long time. It was deemed to be the most accurate considering diversity of the Village. All the departments were interviewed extensively to consider all factors when developing the tool. Each department was taken down to the core level of their operation, and it was determined the most comprehensive manner to move forward was to split up costs into three categories. It's by staff costs, vehicle or equipment costs and facilities costs.

The fiscal impact analysis tool was developed with the intent to provide a view of the costs of providing service to a new development over the course of a development cycle. The tool takes common data from a development project, places it against calculations of each individual service area of the area and outputs both a cost and revenue end result.

This is the same information that's on those spreadsheets that you have in front of you, but these are all the input data expectations to allow the tool to complete its task. We need up on the front end type of development, number of lots or units, number of outlots, projected population, an estimated average lot value, estimated average home value, density factor, square footage of the building if it's a commercial property, projected date of first building permit pulled, the project date of the years to sell 90 percent of the lots or units, linear feet of public roads, linear feet of curbs, linear feet of sidewalks, the number of signs, number of street lights, linear feet of sewer line, number of sewer manholes, lift station requirement if needed, linear feet of water lines, number of fire hydrants, number of meters, linear feet of storm sewer, number of storm sewer manholes and the number of outfall locations.

The data output expectations, the fiscal impact analysis tool takes the data input and it calculates the percentages or square footage cost by service area based on specific parameters and factors in each department. Now, the service areas are broken down by four areas: public safety, public works, government services, parks and recreation. What sits behind each of those categories are other supporting factors, service departments such as the IT department, human resources and finance.

Each service area is calculated individually based on factors which are applicable and outputs a percentage of impact of an employee and/or vehicle/equipment as well as the required square footage to support the employee or vehicle/equipment. Costs used are based on the current budget year with the anticipation of updating budget information yearly in the tool.

Totals are calculated in each service area and a total services cost is created for the first year of impact of the development. So if you were to look at the very first spreadsheet that you have in the center of that page are all the impact results and percentages and the costs. On the bottom center there there's a line item that says total services cost with a little black box around it. That's the impact cost of the first year the development was built. That's what that number is.

Totals are calculated in each service area and a total services cost is created for the first year of impact. This calculation is then broken down by years until full taxation is realized. The tax calculation is determined by the data input estimates as well. The key data fields which impact this calculation are the number of lots, the estimated average lot value, estimated home value, projected date of the first building permit and the projected number of years to sell 90 percent of those lots. The end result is all the data that's on the right side of this spreadsheet.

Before we jump into the spreadsheets, though, I just wanted to–this is actually a little visual. I wanted to explain just briefly the methodology I used as I went and built this tool. To the left column are all the stages of development. You guys know this better than I do. This tool actually takes the data from phase 1 construction down. This does not include any costs that are incurred or fees that are charged in the pre-development stage. Those are not included in this. And this tool was broken up by development types. So the same costs were not factored in from a residential single family as to a commercial retail. There are different factors based on the type of development that we're talking about. And actually there's further breakdown beyond that.

Let's start out with the very first development output sheet there that you have in front of you. It's a seven lot subdivision. You might have a hard time reading that on the screen so I think it would be easier reading it from your packet. Under the project number the actual dollar amount that's sitting in there right now that is actually the total cost calculated through the years of development. So that number up on top there is taking the total services cost and calculating it over the entire life of the development cycle, so just to explain what that number is. We're just using that field right now for that.

(Inaudible)

Ruth Otto:

Yes, and the development cycle is five years based on this model. The number to the right of that is the dollars that we would be normally collecting for the impact fee plus the dollars that we would have collected that are now considered to be contribution fee. So that's what that dollar amount is. As you can see in this particular example, there's a little gap there. The calculations that are used in the center of this are based on all different types of variables from population to number of lots to number of feet of road and so on and so forth.

But if I were to explain this one particular example here, based on this seven lot subdivision, what we are saying here is that that will add an additional 3 percent of one police officer based on this model here and the costs associated behind it; 1 percent of the cost of an additional police vehicle and the cost associated; and 6.4 square feet of facilities will be required to house that staff member and that vehicle. Does that make sense to all of you? So that's basically how this entire centerpiece works.

Donald Hackbarth:

Is that kind of the way it works presently? Is that the benchmark we're using or what?

Ruth Otto:

These are using current benchmarks, yes, and we made sure as we went through this that we didn't try to make up maybe where we consider to have a deficit in some area. This is based on existing staff and equipment per population or per lot that we have now in the Village. I'm not going to jump into this one, but I'll let Rocco explain the tax side because he did that side of that. I'm not going to take any credit for that one. Rocco, do you want to explain the tax, the revenue side of this worksheet?

Rocco Vita:

(Inaudible)

Peggy Herrick:

This is actually a two year. I just mentioned that to Ruth. There is an error in this because this is a two year build out and this is broken out into five years. So that $42,782 is a little high. This is a two year rather than a five year build out so that's one of the issues in here.

Jean Werbie:

A different example, Rocco? We have other examples up here.

Rocco Vita:

(Inaudible)

Mike Pollocoff:

Just before we leave if you look at line 19 it indicates two there so that calculation should go across?

Peggy Herrick:

It should be but it's going to five. Most developments are five year but this is a small one, a two year, and there's another larger one of 135 or larger that might be more than five years build out.

Jean Werbie:

So which example did you want to go to, Rocco?

Rocco Vita:

(Inaudible)

Peggy Herrick:

That's not a good one because that's an eight year projection. Do the second one, Rocco.

Rocco Vita:

In estimating the tax revenues what we have done is spread up a spreadsheet that starts with the first month in which a building permit could be determined. Is that shown on this page? No, but it's sometime during 2007.

Jean Werbie:

Line 18.

Rocco Vita:

And the other thing here is that there are 81 single family lots and five years for projected sellout. So we do a simple math procedure of taking 81 divided by five and that's the number of building permits estimated per year. You divide that by the number of 12 and you get an estimate of how many building permits per month. When the project starts in August of '07, if a building permit is pulled sometime during August we're assuming construction will begin in September. Construction beginning in September means there's three months of September, October, November, December, four months of construction period. On here does it indicate the estimate of months, or did you use an estimate of months for construction, six months or eight months?

Jean Werbie:

Nine months.

Rocco Vita:

In this estimate they used nine months as the estimate between getting a building permit and having a full constructed home. So the revenue starts as of January 1, 2008. However many building permits were pulled minus that first month and there's so much percentage allotted for each month of construction, there's a total assessed value that would be booked as of January 1, 2008. Then we use a tax rate against that to determine the value of the property. Is there a way to show that spreadsheet by chance? Is it on the network? No.

Then the second year it begins with the finish. Let's say just for instance that we're assuming it turned out to be instead of 81 there were 120 or 100 lots over a five year period. So maybe it turns out to be that there's two building permits per month. In the next year during calendar year 2008 up to logging the value as of January 1, 2009, the permits that were issued at the end of 2007 would be complete, plus the early permits of 2008 would be complete, but as you get closer to the end of the year you're going to have housing starts that are not complete at the end of the year. So we put into place a way to value everything that would be finished during 2008 and how much partial value would be there at the end of the year so we can book another estimate of value that would be there as of January 1, 2009 and so on and so forth until the development finally absorbs out.

Accruing value this way and adjusting the value of the land over time for appreciation and the value of the buildings over time for appreciation gives us a pretty good sense of the total value of this development as it builds out going forward in the incremental stage as building permits are issued. Now, the assumption is everything is going to be straight line in the issuance of building permits and that homes will take that eight or nine month time frame to develop. And that's some of the input we'll need from the developer is really an indication of what he's going to market the land for, a rough ballpark, an indication of what he envisions the typical value of the improvements in that development. We'll kind of check that with current values that we have and current sale prices, and a sense of the marketplace to indicate what kind of safe assumptions we can make for the absorption of the development going forward.

Every year I think when you look, here you can see the property tax revenue in 2008 being stated as one. And in 2009 it's a little more and a little more and a little more. So as it goes through time you can see five years and then the sixth year it's totally completed because any building permits that were issued in that fifth year will finally be done in the sixth year. Then we have a total property tax revenue of $95,759. Then you see in the next year it's a slight decrease because in our model in past history it shows that the Village portion, this is just the Village portion, the Village portion of tax rate has gone down with going forward with each ensuing revaluation as more value added to the Village. So really that 2013 would have been the last addition of new construction, and 2014 would have been existing construction in place with a slightly lower tax rate because of the revaluation cycle in the Village.

Then I would guess you'd off balance, if I'm looking at this correctly, the cost of services in this instance here was $226,544, and it gives you a sense of when that gets paid off. It appears here that that gets paid off sometime during 2012. That's with a subdivision that would have a typical value, total package value of about $400,000 per property.

Mike Pollocoff:

But that's that first year's expense you're recovering. You still have ongoing expenses and cost of services that are going to accrue each year along the way. That's what shows up down below in the tax year to recover?

Ruth Otto:

That's correct.

Mike Pollocoff:

So if you look at that that ends up being our actual spread.

Rocco Vita:

So the first year our cost is $226,000 and it takes four years to recover that?

Mike Pollocoff:

In that first year, yes.

Ruth Otto:

Yes.

Rocco Vita:

It takes four years to recover that, okay.

Mike Pollocoff:

And then you've got the ongoing expense so that at least under this one you show expenses over revenues a deficit of $22,000. Is that deficit?

Ruth Otto:

It’s a deficit, correct.

Mike Pollocoff:

So even after you’ve paid off what you’re short initially which would be from this development a quarter million, after you get to your five and things are normalled out then you have a deficit of $22,000 from that point going forward.

John Braig:

You’re saying this is a sub spreadsheet with the data input specific to each subdivision or each development that we’re considering?

Ruth Otto:

That’s correct.

Thomas Terwall:

Mike, I want to go back to that point that you just made. Is that typical for a deficit in other subdivisions that you’re going to have a deficit going forward of $22,000 a year?

Mike Pollocoff:

No. I mean it depends on the value of the homes. Having less dense–one of the things I think Ruth looked at as a first run at it is homes of greater values, lesser density can demand less services. This thing is a component of population driving part of our expenses and infrastructure miles like roads and storm sewers and things like that driving our other part of our cost. So really what it points out is you need to pay attention to the type of value and infrastructure that we’re adding.

Thomas Terwall:

In the older subdivisions where values are declining, and I would think the request for services are probably increasing, fire service and police and so forth, the deficit is going to get even bigger, is that correct?

Mike Pollocoff:

It could be. Except some of the older subdivisions are fairly more dense so you have more units. We haven’t done that, taken an old subdivision and run it through the model. That would be one thing we could do to verify that. But you could take an apartment building and run that through the model, a new apartment building, and find out that even though it’s newer you’re really running a deficit because you have so many people that are in them. And some of them have a pretty high tax value if you look at the whole apartment development. But once you get to that point where you’re demanding so much service that’s where you can’t recover. And when you’re recovering your revenues at the rates we are you’re not recovering that much with every new development.

Donald Hackbarth:

It seems to me that the way this is going the less expensive the home the more dense the development the fiscally less attractive it is to the Village, maybe a loser?

Mike Pollocoff:

It could be. Yeah, definitely. But the other thing it does it means when we sit down with the developer and we go through this conceptual plan, and Rocco I think was alluding to that, we really have to pay sharp attention to their expectations. What their absorption rate is going to be, how long it’s going to take them to absorb it, and once it’s absorbed what’s the value of what they’re putting together. I think it’s important that whatever development we approve that it’s got to have an enduring value to it and not wear down. Then you’ll drag down at the end after you’ve gotten through your initial five years. That will be the best five years you’ll get.

Thomas Terwall:

What incentive does the developer have to be honest with you? Obviously he’s got a bean counter in his corner, too, and he’s going to figure out what do I have to say to hold down my contribution to make this thing approved by the Village.

Mike Pollocoff:

They’re going to have access to this model. They’re going to want to plug their stuff into it. We’re going to want to have access to how they came up with their numbers. I don’t think we’ve seen too many developers come in and say I’m going to develop a lower value development and it’s not going to hold its value.

Thomas Terwall:

No, but I’m sure he’s going to tell you it’s going to be done in two years and in two years I’ll be out of here. You know damn well that ain’t going to happen.

Mike Pollocoff:

One of the things we looked at as part of the model was to put a penalty in, so if you don’t meet your absorption rate there’s a downstroke.

Jean Werbie:

Two things I was going to comment on. When a developer presents their conceptual plan information to us we’ve usually seen the type of units that they’re going to be putting in. We have visited other developments. I review their declaration of restrictions and covenants. And based on reading those I have a pretty good idea of what market range that these units are going to fall in, if they’re going to fall in similar to this subdivision or another subdivision. So those are some of the checks as I go through the initial information that they've provided to us as to where I think they're going to fall and if it's going to be reasonable or not.

Thomas Terwall:

And if we think his numbers are way out of whack we can tell him so.

Mike Pollocoff:

That's the whole purpose of doing this at the early stage because you haven't given the developer any rights to have that. Once you've given him the preliminary plat he's got some rights that you'd be messing with if you said no.

Jean Werbie:

The other point I wanted to bring up, and John started to get to this, is that all of these examples that we used for the model are developments that we have already approved. So these are already in the construction phase or they're just starting to start their units. So as a result we have very specific and finalized information at least with the lineal footage of the improvements that are going in and the type of units that are intended to be built based on the lot sales. So we have that information. And so this is based on what we know today based on subdivisions that we've approved.

Thomas Terwall:

Has there been any discussion with any other communities? Are we on the leading edge with this?

Ruth Otto:

There is no other local community that I know of that has actually done this, County or State.

Mike Pollocoff:

They're waiting for us.

Thomas Terwall:

And there's no concern that the legislature is going to find some way to blow a whole in this, too?

Mike Pollocoff:

If the legislature has enough people grace their doorway to make this illegal–

Thomas Terwall:

With money in their pocket.

Mike Pollocoff:

I was going to say that. Then they could take away our ability to do this, too. They have the power to say it. It's kind of like they did with schools. We know there's impact from schools but we're barred from even looking at it. They could bar us from looking at our future expenses.

Thomas Terwall:

But they can't bar us from refusing to approve another subdivision, right?

Mike Pollocoff:

No, not now.

John Braig:

Then they've got opposing pressure. Because if we were put in the position of having to refuse new developments there would be pressure in Madison again to somehow open it up that we can get the revenue required to meet our obligations.

Thomas Terwall:

What was Madison thinking when they went this far?

John Braig:

Who said they were thinking?

Thomas Terwall:

That's true.

Mike Pollocoff:

I think the thing is that hopefully we've identified our expenses, and it's really the allocation of our expenses where we're still trying to get squared away on how we allocate out like fire and rescue. That one seems to be a really tricky one for us to get that right. But we know our expenses are reasonable. I don't care how many times somebody says we have the highest taxes in the world, the Village levy is the lowest compared to other municipal governments. So if you're willing in the least bit to buy into that argument that the Village already has a low level and we're applying our expenses to development, then the cost we come up with per unit should be as low a cost as you're going to get someplace else. Then if that apportionment and that allocation is fair we've got to make sure that's right. If the developer plugs in the numbers if the developer is really bringing in a high quality development that meets our standards, and our standards are in large part dictated on how we're able to provide service, we've tried to stay away from things that make it hard for us to provide service, then they should be pretty well there. I think Ruth and Peggy have seen some numbers where they've come out pretty close to when we could charge impact fees.

Thomas Terwall:

Going back to the $26,000 deficit in this particular example after your five, I wouldn't even want to begin to guess what the deficit is going to be on the school side. You know it's going to be tremendous. It almost makes me wonder why anybody in their right mind would want to encourage any future development. Fortunately we're not saddled with the decision on the school side of it. If we were I guess I wouldn't be voting to approve very many new subdivisions. But as long as we're a part of the Unified School System and the City of Kenosha and the Town of Somers are developing at whatever, Katie bar the door, then I think it's incumbent on us to treat the developers equally. But there's no doubt that you better get your fair share of manufacturing and retail to subsidize the residential because residential is never going to pay for itself. We knew that I guess. You've just given us real numbers now.

Mike Pollocoff:

I think the thing is maybe we recognize that it's not going to net out positive, but you want to get in the ballpark. And I think the Plan Commission and the Board are going to be faced with these policy decisions. If senior development costs you more money do you really want to say, well, yeah, it does cost us more money but you have to have some of those, maybe you need some of those. But it's easier to weigh that decision out if you know what everything else is costing you as well.

Thomas Terwall:

Assuming this were to go forward, is it your intent to sit down with some of the major developers that are currently involved, VK and Doug Stanich and so on, to give them an opportunity to kick the cat once or twice?

Mike Pollocoff:

If you don't tell them ahead of time you're going to deal with them later on, so we'd just as soon get their input going forward. This is true for some commercial and industrial development. There could be something in the nature that is going to be more of a drain on us than we would have thought. Again, like I say, the numbers on here we wanted to go through the logic on the allocations, too, because that will change some of these numbers and maybe it doesn't wash out. That's what we talked about a little bit earlier. But it might change how these numbers wash out on the end, too.

Ruth Otto:

Just an example of what Mike is talking about, fire, and I'm not trying to pick on fire and rescue, but there's a model example in here of I think it's a senior home in there, but anyway the numbers get very high, very high and fire you'll probably find it as you flip through it. The reason that the numbers are so much higher is because some of the facts that were placed in there. Maybe we need to look at repositioning that in different way as well as the cost of inspection, fire inspection. Maybe that needs to be looked at from a different direction. Instead of the cost being incurred on this end, maybe it needs to be directed towards raising the inspection fee higher. The commercial property example in here is pretty high and the fire because of that.

Thomas Terwall:

Are you able to factor in–at some point you know you're going to have to build another station and the capital cost is one thing. But the cost of staffing it is a bigger number yet because it's ongoing. How do you factor in if you approve this subdivision and do you need a new fire station? No. But at some point three or four subdivisions from now the answer is going to be yes. You can't saddle–just because I'm the fifth guy you can't hang me with the whole thing. How do you factor that into the four guys that preceded him?

Ruth Otto:

It's actually based on back-to-back calls. That's a determination when–there's a point when back-to-back calls are at a certain rate when a new fire station is supposed to be built. This model is taking that factor in place.

Mike Pollocoff:

The other thing we may want to put into that with back-to-back, and we have the data but we don't have it in this model, I'm trying to think of some way to normalize the fire/rescue data and that's maybe response time. As your response time starts dragging out because there's traffic between the station and wherever you're going, there's got to be a way that it doesn't attract from the developer but it ends up being an expense that's associated with the growth of the Village because you can't get to a call as fast. We just don't have enough number–what would intuitively make sense for fire is square footage and population. But when you run it through the numbers it doesn't seem to–

Thomas Terwall:

Based on what I've been reading in the paper about the Abbott development, and shut me off if I'm going where I shouldn't be going, but my understanding is that there's a provision in that Abbott program to put a station on that site, is that correct?

Mike Pollocoff:

They've given us the land for a station on that site, and then there would be an impact fee that would collect the money ultimately. But if you look at the SEWRPC plan that's not our next station.

Thomas Terwall:

That's what I was going to say. That's at the far western edge of our Village. So that wouldn't necessarily be the next station to be built.

Mike Pollocoff:

No, the next station would be 3 and the next station would be at the park to service out the Lakeview Marketplace so we've got response going both ways. As we look at things sometimes you could make an argument in another urbanized area based on response time.

John Braig:

In light of what we were just talking about, adding the new fire station, it would seem as though the industrial or commercial or that development is generating a high facilities cost for fire and rescue, and yet when I look at these spreadsheets, although granted we're looking at different numbers, facilities and staff and so on, but for example for retail or industrial developments there are no costs associated with rescue. And when we get to the 71 unit senior apartment project, you've got extreme numbers both for fire and rescue staff. And yet we're talking about spending more money on facilities for industrial and commercial development.

Mike Pollocoff:

Right. Paul, correct me if I'm wrong, I think the rescue is based on actual generated calls. And for the industrial you have to be there for the events that do happen.

John Braig:

And yet we've had a number of events in the industrial park.

Chief Guilbert:

Specifically, John, you may recall Lawter which was well over a dozen years ago and that was a very spectacular event. But overall we haven't had a lot in the industrial park. The exposure is there but the experience is not.

John Braig:

Was the Lawter building sprinklered?

Chief Guilbert:

It was a sprinklered building but they were destroyed in the explosion so they had no effect on the fire.

John Braig:

Thank you.

Mike Pollocoff:

If you look at that same industrial building that's where the biggest impact is fire as opposed to everything else.

Kathy Goessl:

Ruth, can you explain years one through five what those numbers represent? Is that actually the cost of service?

Ruth Otto:

Yes, that's actually the cost of service.

Kathy Goessl:

Then how come the cost of service is actually going down over the years and what's included in the first year that's not included in the second?

Ruth Otto:

Because some of that cost is actually deterred. For example, enterprise funds, sewer, water, recreation, their costs would not continue forward because especially utilities the utilities would not be underneath that area. They're actually on their own. So it's just the initial cost at the beginning. That's why the number is so much higher. But there are salaries and other things under water and sewer would not continue being carried across by the development because now it's being handled by–they're 100 percent efficient on their own as far as the utilities as an example.

Kathy Goessl:

So the actual operating cost of the utilities is not in there.

Ruth Otto:

Is not in there correct.

Kathy Goessl:

What's in the initial year? Is there capital items in the initial year?

Ruth Otto:

Yes.

Kathy Goessl:

And which capital costs are in there?

Ruth Otto:

It is the initial cost of adding whatever additional staff or equipment or facilities to handle the ongoing support of that development. That's what that initial cost is, specifically for sewer and water. We're not including any costs in there for supporting the actual water and sewer. That's under the utilities area.

Kathy Goessl:

So the actual vehicle or percent of the vehicle, percent of the building that type of stuff is in the first year?

Ruth Otto:

Correct.

Kathy Goessl:

Because building wise if that's in there impact fees are currently being collected for police and parks and fire. Was that taken into consideration?

Ruth Otto:

Independent, nope. I did not exclude or include that. I mean it's included in here. I did not consider the impact fee dollars in any way in this, correct.

Thomas Terwall:

How do you handle oversizing? This guy is paying for an eight inch main because that's what he needs for his subdivision, but we're putting in a 16 inch main because we know coming down the road, does that get factored in here or is that a utility issue?

Mike Pollocoff:

That's a utility issue. For sewer and water we're able to require the developer to size it for whatever. Our ordinances require that we pay anything over 12 inches for sanitary sewer if we have funds available but we never have funds available so they have to pay for everything. Same thing for water. The real oversizing issues or the expenses that are difficult to handle–let me back up. The oversizing, the cost related to that really ends up being an operational cost. We have to use a lot more electricity to fill up a 16 inch water main than we do an 8 inch. It costs us more to fill up an 18 inch forced main than it does an 8 inch. So our operational costs and people to clean those mains and do whatever grows with the amount of volume we're moving. So that's what this is addressing is that operational expense. That somewhat should be covered by rates but, again, there's a bigger uptake on that. Maybe we need to tweak that how long it takes us on the utility side because it's not property tax driven how it takes us to get there.

I think the real oversizing issue that we get caught up in is the oversizing or the expansion of streets and storm sewers that go along with the streets. Right now we don't have a–that's the oversizing that's really expensive for us that's showing up as deferred expenditure in the future because we'll make a developer do roads right along side their development if they have a boundary road on them. And in Village Green Heights we required the developer, because we had a traffic study we could use to say you have to pay for future improvements on Green Bay Road and 165. But just that additional impact on Village roads we don't have–that's the oversizing that's financially hurting us. It's not money out of our pocket right now but it's money out of our pocket down the road.

John Braig:

I've got a question. I'm looking at the development for 71 unit senior apartments. And under public safety, fire and rescue, it shows a need for an additional 107 percent additional vehicles in fire and 201 percent additional vehicles in rescue. If I understand this spreadsheet you're saying that a 71 unit senior apartment project is going to require the addition of three vehicles to the fleet?

Mike Pollocoff:

This is the one I said we were having a problem with the allocation.

John Braig:

Just staying with it, is my interpretation correct? In other words, the numbers need to be massaged a little bit. But if they were correct and accurate and reflected fact that would predict an increase to the fleet?

Mike Pollocoff:

Right. I think the Chief could comment. If you were to take the existing senior housing we have now that's the number of responses. We're at the senior housing. We're at the nursing home or assisted living quite a bit, quite a bit. Every one of those we take at some point you're putting a fire rig out of service because you've got a rescue squad running calls.

Thomas Terwall:

And you've factored in what you collect from the patient? That's been–

Ruth Otto:

No, no.

Chief Guilbert:

Senior housing is an interesting topic. What makes it so interesting in my life is at some point when the Plan Commission and the Board looked at it they predicted there would be a lot of calls and that's proven to be true. But what I would suggest is that if we took all those names of the people that lived in that senior housing, in particular out in Prairie Ridge, and then you threw them up in the air over a map of Pleasant Prairie they would fall all over the Village rather than at one address, the senior housing center. What that senior housing center has done for us is given us better access, elevators, wide hallways. It's easy to go in and get those people out. So we would still have those same senior citizens but they would be disbursed all throughout the Village. Here they're concentrated in a senior home and it allows us to give them quicker and better service because of the facility that they're in.

John Braig:

I appreciate that point.

Thomas Terwall:

But if they were disbursed throughout the community I think we'd have a more positive contribution to the property tax than you do from the senior citizen complex as well.

Rocco Vita:

We don't have much of a contribution for property tax for the senior complex. The way this impacts my life here is the values stated on this page of $7.5 million is vastly overstated. According to Wisconsin law when you have subsidized housing you need to value it a certain way. The current facility that's existing has 120 units?

Ruth Otto:

Correct.

Rocco Vita:

It has a value of $3.5 million or so based on the revenue that the real estate generates. Here this facility will not have a value of $7.5 million. That's probably close to what it would cost them to construct. So we would actually put something closer to $2 million in the total value, and the revenue stream would be far inferior to what it shows now. So really when a community decides to allow a subsidized senior housing all the taxpayers in the community are doing their part to provide a place for the seniors to reside. Really the developer of that facility isn't paying a great deal of taxes.

Thomas Terwall:

Whereas if they were living throughout the community, whether with relatives or in their home or whatever, there would be no subsidy to that tax.

Rocco Vita:

That's seemingly correct.

Jean Werbie:

Rocco, why would they only have a value of $2 million. They gave us the value of $7 million.

Rocco Vita:

The value of commercial real estate, especially where the real estate generates income is you capitalize the income generated offset by the expenses to determine a value. In this instance here because it's subsidized the developer receives a certain amount of revenue, and he's guaranteeing low rents, that people can live here at a low rent. We're required to use the low market rents as our income stream.

Thomas Terwall:

Isn’t that factored into the–

John Steinbrink, Jr.:

You don’t factor in the subsidy to bring it up to its true value?

Rocco Vita:

No, they changed the law to disallow for that.

John Braig:

More bright boys in Madison.

Rocco Vita:

A market value might be closer to a thousand dollars a month. Here it’s a percentage. In these developments the leases are based on either 30 percent, 40 percent, 50 percent of the County’s median income, so rents might 3 or 4 or 5 or maybe maxing out at $650 or $700 a month. But there’s such a large portion at a low rate so it can be used. It’s low income housing for the elderly. They have a nice place to live but it is clearly being subsidized, if that’s the word, by all the taxpayers in the Village.

John Braig:

So what you’re saying is when there’s a federal subsidy–

Rocco Vita:

Or State, this is State.

John Braig:

–or State, there’s a bogus element to it in that in fact the local municipality is subsidizing a good portion of it.

Rocco Vita:

Correct. The existing facility costs $10 million to build. We have a value of $3.5 million. If it were an apartment complex at market rate it would have that kind of a value. So here whatever deficit there is here the deficit is understated by a multiple of three.

Jean Werbie:

Because we put in $7 million for the value as opposed to $2 to $3 million.

Rocco Vita:

And that may have been what we use for an impact fee.

Jean Werbie:

So what we need to do is we have to use a different approach–

Rocco Vita:

When it comes to subsidized housing.

Jean Werbie:

–for subsidized housing, okay.

John Braig:

Have you made a comparison between the amount that the municipal or our subsidy to this project or what the value of our subsidy is compared with the State or federal subsidy? It almost seems as though we're supporting the bigger portion of it.

Rocco Vita:

No, I don't know.

John Braig:

In other words if these units are guaranteed to have a rent to the individual of $600 a month there's a $400 subsidy from the State, but how much of that $400 are we really putting in?

Rocco Vita:

I don't know. I'd have to look at that.

Thomas Terwall:

John, don't you think if we were to go to Madison and explain our position that they would probably up our aid of revenues to offset that don't you think? I think so.

John Braig:

I just heard a comment today that it's not likely to happen in this day of global warmth because hell is far, far from freezing over.

Rocco Vita:

On the other hand, as a community this is a nice facility. It's far nicer than most of the other Section 42 housing in all of Kenosha County. They have more amenities than anybody else and they are residents of the Village. The Village is providing a place for seniors to go that's convenient to shopping, that's convenient to medical facilities. I think the Village is doing its part by allowing this to occur.

Thomas Terwall:

I wouldn't disagree. But I would in the future want to make sure that that type of amenity is being spread not just across Pleasant Prairie but across the rest of the County. I think the rest of the County has an obligation to provide the same thing as we do.

Ron Kammerzelt:

Just an observation. Data is data, but under retail developments I just wonder why there's no percentages for police patrol or investigation. Is that how it comes out?

Ruth Otto:

It's because they didn't fill in anything under water and sewer. There's some numbers missing and I think that's why. There's nothing there, okay.

Ron Kammerzelt:

Then I'm curious if all this is based on percent of lot sales and that depends on the market condition, Jean?

Jean Werbie:

Yes.

Ron Kammerzelt:

So if the market worsened for residential development it would add to the cost of government? It would add to the cost of a contribution from the developer? Wouldn't that be further prohibitive to the developer as it's set up?

Jean Werbie:

It may. Yes. I think that what Ruth mentioned at the very beginning is we have to look at this model every year and we're going to have to evaluate what's happening in the market and we're going to have to evaluate the Village's budget from year to year. We have to update what we need to update. If the cost of services skyrockets with respect to vehicles and gasoline and such, I think that every department will have to take a look at this and update this model to make sure it still makes sense for the community each year.

Ron Kammerzelt:

But is this based on an average, a five year or ten year average? So one market year that it goes sour it would take a while to have an impact, wouldn't it?

Jean Werbie:

I guess that's true. What we did is historically we looked backwards, and based on the rate of new single family build outs in this community over the last 10 to 15 years and approximately how many units were added in each development, and then we took an average. I can't tell you what it's going to be going forward, but basically we need to look at historical data and project forward.

Rocco Vita:

I would guess if the market really does . . . for a period of time you won't have developers coming . . . there's no market and they won't be knocking on the door . . . not be able to sell . . . .

Jean Werbie:

Correct.

Mike Pollocoff:

The other thing I think this model will do is require a developer and us to really be more prudent about how big a development is done. It will be cost prohibitive for them to really expose themselves to, say, where their absorption rate is going to be a lot longer than five years. The VK developments, just look at how long it's taken the commercial portion on that. We were our there plowing roads, driving on roads, cleaning lines over in an area where there's nothing.

Jean Werbie:

And Creekside is a perfect example of that from a residential perspective. They were initially going to do the whole development, all the condominium and single family in three years. Now, after looking at their marketing and their research and talking to their banks they want to scale it back and spread it out over greater phases. That's something we need to look at and incorporate as we go forward with certain developments.

Thomas Terwall:

But once you approve a development you've given that guy the zoning and so on. You can't go back to him for more money, right?

Mike Pollocoff:

I think what we're going to need is an agreement with–at the time we decide to let the guy proceed, say, okay, here's what the expenses are. We can't afford it unless you help us with this up front stuff or expenses. And then as part of that agreement if you don't make your own expectations there's going to be an expense associated with that. That would be the agreement. If we can't afford it in the first year and it does get marginally better each year, but it doesn't meet what they've indicated, then we're still going to have the expenses. So this is an agreement that has to happen early and up front so everybody knows what the expenses are and when the Plan Commission considers the development approvals what our risk and exposure is.

To me one of the things that's difficult and we need to work out legally is virtually every one of these developments is an LLC. They can craft that thing and we have nothing. The improvements would be in and the agreements to maintain them and pay for them might not mean that much, but that's who we're dealing with and whether we require a letter of credit or a bond to be established for any shortfalls. At least that would be in place.

Jean Werbie:

So, Mike, are you suggesting that there be an inflationary factor put into this model so that once the conceptual plan gets approved in 2007 but they don't actually plat it until 2010 that we're not locked into the initial projections and numbers?

Mike Pollocoff:

Right. I think there has to be an agreement in there that the Village budget is going to go through an annual review, and the budget that's in place is the budget that they have to work with. Everybody, they as well as anybody else, is going to have the opportunity at a hearing to comment on a budget and the expenses therein. But every other resident or citizen of the Village has to cope with the budget that's adopted by the Village and the developer is no different.

Donald Hackbarth:

We're talking residential here when it's extended without the industrial park because there's a lot of land there and there's no building there either.

Mike Pollocoff:

Right. The only different flavor about the industrial park, at least not all of it, some of it's under TIF, but we need to protect our financing where we're going to issue bonds on behalf of them. But a TIF is difficult because if you look at the first TIF we paid that off early. That was good news. But as that corporate park grew, and I think about the time that TIF 1 retired there was about 4,000 employees working out there and the Village wasn't receiving one penny for all that value. So up until the point that the district is retired, when you get close to that point and it's growing and it's getting bit it's painful. You're having to add staff on to take care of plowing the streets and having the cops and do all that stuff and you're not getting any money for it until it's retired. That's the risk and expenses that a community takes on when you take on a TIF District. So the TIF District is a little bit odd in this. It's just that the overwhelming addition to the community when it's over is the reason you do it.

Thomas Terwall:

And unfortunately it's only the Village that's hung out to dry like that. The schools don't incur any additional cost. The County doesn't incur any additional cost. We incur the cost and we're the one splitting the bill . . . .

Mike Pollocoff:

Yes. There's lots in Lakeview we receive what we get off them but they're not at their potential. The good thing is it developed reasonably fast. At the end of the day we're making far more . . . out there than what we spend. But if you look at some of the parts that haven't done that well. We've sunk a lot of money in the ground and two or three lots sold.

John Braig:

If we were to get another building or structure in Lakeview Corporate Park, that's in a separate street lighting district.

Mike Pollocoff:

Right.

John Braig:

So the spreadsheet would have zero street lights as an entry.

Mike Pollocoff:

We'd either do that or we'd have to add in the revenue side from the payments. I think we should recognize there are street lights out there but we need an offsetting revenue to show the payments that are made out there. Same thing with residential areas. We require street lighting districts in each new residential area. They have to pay for their own street lights.

John Steinbrink, Jr.:

Not to get into it, but is there much of a move to require street lighting beyond the part of the developer where each lot puts in a standard fixture fed from each home?

Mike Pollocoff:

There's some that have done it, but for me the purpose of having street lights is for traffic safety. Those don't really take care of intersections.

John Braig:

Spoken as a true municipal administrator, but everybody else in this world wants street lights for security purposes. I just spoke to a neighbor and he might have talked to someone on the staff here, too, wanting street lights in our area. The real reason is they want security around their homes.

(Inaudible)

Rocco Vita:

. . . that's an additional cost, additional annual cost?

Ruth Otto:

That's correct.

Rocco Vita:

So when this is fully developed it has an annual cost of the $464,000 a year?

Ruth Otto:

Yes. Wait, ask that question again? The $464,000 a total amount that's up on the top.

Rocco Vita:

What's the cost going forward once development is done?

Ruth Otto:

That's our operating cost. That's not in here. Once development is finished–I mean this is going through the development cycle. So once development is finished now it's taxes supporting operating budgets as far as I'm concerned. That's not included in this tool.

Kathy Goessl:

In the same area there, in terms of additional staff isn't that additional staff that we have to add and they have to be around forever. When I add up the staff in the 81 lot subdivision I come up with $155,000 a year just in staff costs. Is there any capital costs included in that staff line or is that all operating type of cost?

Ruth Otto:

The staff area that's just strictly staff costs, supporting costs of the staff, operating costs–

Kathy Goessl:

So all operating and no capital is in there?

Ruth Otto:

Correct.

Kathy Goessl:

So why wouldn't our cost in the year two, three and five be $155,000 or more? If I go through and even out, sewer and water there's much not staff there, but if you look at all the other staff we have those will continue on forever and actually inflate and not go down. So I don't know why the cost would be going down instead of increasing after the second year. I understand the first year being higher because there would be capital costs in there, but after that the capital costs should at least or maintain or go higher due to inflationary costs and I was wondering why that wasn't happening unless we're misusing something off of those in future years.

Ruth Otto:

That's also including the deduction of the tax dollars being collected for that. That should be factor in there as well. I hear what you're saying, Kathy, and we can look at that a little bit closer. But it should be reflecting the dollars difference as well as we're collecting dollars from the development from the tax side in those numbers as well. We're not going to collect obviously in the first year. It's going to be year two before we collect anything.

Rocco Vita:

I think what Kathy was saying is by let's say 2013 this thing is maxing out at $96,000 a year property tax going to the Village. And yet she's indicating our employee costs are at $150,000 a year so this development is a loser.

Ruth Otto:

Yes.

Rocco Vita:

Going forward each and every year, are you saying we should just be farm fields forever?

Ruth Otto:

I can throw my two cents into that but I probably shouldn't.

Rocco Vita:

I think we're just looking to say is that correct? Are we receiving this correct?

Ruth Otto:

What this is saying is we're not collecting enough taxes.

Rocco Vita:

So what do those–again I'm kind of thick headed at times, but year one at $226,000, the second year is half, the third year is half of that, the fourth year is half of that and the fifth year is half of that. What do those numbers represent?

Mike Pollocoff:

You're talking about the ones at the bottom and the middle section, right?

Kathy Goessl:

Yes, year one through five.

Mike Pollocoff:

That's our net.

Kathy Goessl:

We'd be netting a negative though all along if that was net.

Jean Werbie:

Rocco, the year one through year what I was trying to explain to Ruth early is that a typical development in the Village builds out under a construction cycle. And in the first year the subdivision is under construction. The second year is when 50 percent of the homes are typically built which will allow the second phase of public improvements. The third year the way we've structured our ordinances is that 75 percent of the homes will be built and the third phase of improvements. Then to continue that out and in the typical sequence of how we've been seeing subdivisions build out is in year four it's 80 percent and then at year five we're at 90 percent. There's never a complete 100 percent build out usually in five years. So I was trying to see if the phasing of the construction of public improvements could be tied to the level of service that's going to be needed and if we could use that analysis to see if we were any closer with respect to the revenues being generated.

Rocco Vita:

I can envision, I think going again on what Kathy was saying, that when a subdivision first starts we have some up front costs and as it absorbs our costs increase every year rather than decreasing. That kind of answers the conflict that some of us were wondering about.

Ruth Otto:

We're starting in a hole right from the very beginning, and you can see how many years it's going to take before we can actually get out of the hole. The first year initial costs putting in this one example of this development according to the model it's going to take us almost four years just to get our initial dollars that we put in as far as infrastructure, people, so on and so forth to support this one example of this development. So with that said we're just working out of the hole and there's still operating costs every year going forward.

Rocco Vita:

Would this development ever be self-supporting?

Thomas Terwall:

. . . not saying it should . . . .

Mike Pollocoff:

They're saying it does. The legislature tells us you could pay for new development by increasing your levy by two percent or you reduce your services and spread that. You will get more shared revenue but it's very minor.

John Braig:

Are the problems the same for smaller municipalities with only a few hundred or thousand residents such as in the northern areas? Is it just a difference of scale?

Mike Pollocoff:

No, it's development. It's having to expand. The problem for Pleasant Prairie and other communities and why this affects us is we're growing and we have more demands placed on government and we're under artificial, well they're real and not artificial, limits on how much we can adjust our levy. So we have no control over the growth side and so we have to take what we get. The State will let us increase our levy which is that part of our budget which is taxes by two percent.

John Braig:

In effect you're saying the legislature took a Statewide average and we're on one far end of the scale?

Mike Pollocoff:

Right. If we didn't have the industrial balance we'd be swimming. We wouldn't be swimming, we'd be sinking. That really ends up being if you look at this chart you have the initial cost of service of $226,000 and you probably need a column where it's blank in the middle that's the downstroke we need and every year there's an ongoing cost to service that development that nets it out. I think that's what gets us where Jean is, but maybe we need to incorporate that into that cost cycle. Year one you're $226,000 in the hole to get everything you need to take care of it. You're collecting $26,000, collecting 10 percent. Then year two some of that capital stuff has been taken care of but you still have your operational expenses. We need to track that across down that column. That number is showing up over here but we need to outline it here. That's where it's important that we really have a good understanding of absorption because if a developer paints a pretty picture for us and we sign onto that and it doesn't happen then it hasn't gotten anything.

John Braig:

We recognize that for residential development the revenue derived from it never meets the costs that the Village incurs. If we broke those costs down into capital costs, equipment, facilities and so on and pure operating cost, does the tax revenue from such a development cover at least the operating costs?

Mike Pollocoff:

Some developments we get close on. There's no question that some of our subdivisions have a higher value than others and they may not be as dense so our expenses aren't as high. And maybe we need to find what that benchmark is where we know that we're breaking even.

John Braig:

Just following on that same line if we've got subdivisions that are going to come in with an operating cost, just a pure operating cost which exceeds the revenue we're getting from them, maybe we should have a contribution to reflect that.

Mike Pollocoff:

This is really why we want this tool available so that you guys can make that policy decision. Let's take, and I'm hoping he doesn't report this because this is really conceptual, but take The Orchard subdivision. We had 27 lots and we're down to 19. The value of those homes and lots at 19 are probably going to be substantially more than they were at 27. So that brings that number up. We can crank this thing in there, but if you were to do what the individuals said which is make it four lots then you've gone too far down the other way where you've got X amount of road in there that you've got to take care of and you only have four lots that you can recover from. Then that's made it unuseful.

Thomas Terwall:

. . . sewer and water . . . four lots . . . .

Mike Pollocoff:

The sewer and water utility made improvements in the area anticipating improvements that were going to at least be compliant with the master plan. Ruth, is there anything more you want to describe?

Ruth Otto:

No, I don't have anything else really to talk about. I think we covered it.

John Braig:

The concept is rather simple. The execution and all the data that goes into it is where I can see the work. I was sitting here today and I was thinking of long ago when I first got involved with the Village somebody says what do you want to get involved with them for? All they do is collect taxes and issue dog licenses. I often wish, and the party is gone now, but I'd love to be able to tell him some of the things that the staff is doing here and how I continue to be impressed. And I really appreciate the work the staff does.

Mike Pollocoff:

Just so you know this project is an accounting exercise but what's making this thing run and it's going to help us is that Ruth's computer model is queering all the different, and they're different and it's not one big computer package we have for the whole Village, it's queering all these different databases to get this information put in from response times to complaints, number of calls, linear of feet cleaned, all this stuff and bringing it back so we can identify costs and that's no small chore. This will be a stand alone product that nobody else has when it's completed.

John Braig:

Maybe you ought to get a copyright on it.

Thomas Terwall:

I would say that the overwhelming majority of the people that live in this Village and probably in the State Legislature think that property tax covers our total cost. That's what we pay taxes for, and I don't think there's very many people outside of government that have any appreciation at all that that's not the case. And based on what I see going on in Madison I'm not so sure that they care. That's my problem. I think they look at where is my PAC money coming from. Unfortunately the League of Municipalities is not a big PAC contributor. We need to take a look at that because the only way you're going to get anything from those guys is buy it I'm afraid.

Mike Pollocoff:

Any other comments?

Thomas Terwall:

Where do we go from here, Mike?

Mike Pollocoff:

We need to tune this up. We're still not happy with some of the allocations. It's not that we're not happy but we just need to research them more and get some information on it. Then maybe some of the things we talked about today, track some of these calculations out a little further. We can put some models in here based on things that have happened in the Village and run those through again. If you want when we think we're at the point where we've done as much as we think we can do we'll bring this back. I'd really like to have the Commission and the Board take a look at this before we turn it loose with the development community. Not because I'm worried about them seeing it but I guess I want you to have a good understanding how we came up with what we did because you're going to be approached by those people and you'll be able to answer their questions and understand it. But then we do want to have them come in and take a look at it and run through it. Once that's done it would be part of the hearing process to get public input.

Thomas Terwall:

Have the department heads signed off?

Mike Pollocoff:

The department heads have signed off in the fact that they're trying to find ways to get this thing done. We just want to make sure from their own areas of work that it really ties out and that it ties out altogether. These guys work together on so many interrelationships between their activities that it's got to be right. Before we bring it back everybody will have signed off on it and know that it's going to work and not impact or short their operations. We're all going to make sure that nobody is getting rich off this either.

John Braig:

If this reached a high state of perfection I could see where a developer might even benefit from it because he would have a better understanding of what the costs are. And in some instances he may say that's great because I want to do it and this is the class of development I want. And in other instances he may say I can make some adjustments and we'll both save some money.

Mike Pollocoff:

It gives them some certainty.

Wayne Koessl:

Mike, when do you think it will be fine tuned? I know that they have to upgrade it every year but I mean to implement it.

Ruth Otto:

Two weeks.

Mike Pollocoff:

I'd say about a month and a half. She's got two weeks of her work but we want to run it through and test it and make sure we've got it tied out. It's not as fast as we wanted it. Ruth got going on it and I put the thing on her plate and she's been working at it. We have I think a very good model. Where we're heading is going to be good for the Village.

Wayne Koessl:

That's a good tool for us when the conceptual plan comes in and be able to look at it and see it right up front.

Donald Hackbarth:

(Inaudible)

Mike Pollocoff:

They're never wrong.

Wayne Koessl:

They’re never wrong in Madison.

Thomas Terwall:

Anything further?

4. ADJOURN.

John Braig:
Move to adjourn.

Wayne Koessl:

Second.

Thomas Terwall:

All in favor say aye.

Voices:

Aye.

Thomas Terwall:

We stand adjourned.

Meeting adjourned at 4:35 p.m.