

**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
October 31, 2005
6:30 p.m.**

A Special Meeting of the Pleasant Prairie Village Board was held on Monday, October 31, 2005. Meeting called to order at 6:30 p.m. Present were Village Board members John Steinbrink, Alex Tiahnybok, Steve Kumorkiewicz, Jeff Lauer and Mike Serpe. Also present were Mike Pollocoff, Village Administrator; Jean Werbie, Community Development Director; Kathy Goessl, Finance Director/Treasurer; and Jane Romanowski, Village Clerk.

1. CALL TO ORDER

2. ROLL CALL

3. NEW BUSINESS

- A. Consider a Municipal Code Text Amendment (Ordinance # 05-51) to amend the Village Municipal Code to Create a Chapter Related to the Requirement of Digital Security Imaging and Storage Devices (Video Surveillance) in Certain Planned Unit Developments, Certain Other Retail Developments and Certain Stand Alone Retail Establishments.**

Jean Werbie:

Mr. President, this past summer, the Village was considering the approval of a major retail commercial shopping center expansion. As part of that expansion process, there was some discussion at both the Plan Commission level and the Board level with respect to the need for and the discussion of security surveillance at a particular retail establishment. and as retail establishments continue to grow in the Village, that these areas should be provided with some additional surveillance cameras and other types of special security devices in order to provide some public safety advantages to our police and fire department.

The Village staff, with the specific assistance of the Village Police Chief, as well as the Village Attorney, has written an Ordinance pertaining to the requirement of digital security imaging and storage devices or video surveillance in certain planned unit developments, certain other retail developments and certain stand alone retail establishments in the Village.

It is the purpose and intent of this Ordinance to provide for the implementation and use of digital security imaging systems that monitor the exterior spaces and areas of certain commercial retail establishments and retail developments in the Village of Pleasant Prairie. This system will afford the opportunity for public safety departments, such as the Village Police Department and Village Fire and Rescue Department, to visually examine certain retail establishments and retail development sites and will provide emergency response personnel with a visual assessment of an emergency situation in advance of arrival without placing an undue burden for services on the

taxpayers. The advanced visual assessment may pertain to a person or persons, a location, and/or a situation in emergency situations. The implementation and usage of this system will facilitate law enforcement agencies in crime investigation. While it is anticipated that the implementation and usage of this system will greatly aid law enforcement agencies in subsequent criminal investigations and prosecutions, it is recognized that this system alone cannot provide for or be solely relied upon to produce positive personal, action, or scene identification. Furthermore, it is recognized that since there is no Village requirement that these systems be actively monitored it cannot be reasonably expected that these systems will on their own necessarily provide a safer or more secure environment nor are they a substitute for other security measures to be provided on the site. It is also the intent of this Ordinance to attain commercial retail environments of sustained desirability and economic stability, and to avoid unreasonable adverse affects to the property values of the surrounding properties and surrounding neighborhoods and to maintain and promote the public health, safety and welfare of the Village.

The Ordinance will require that PUDs, as well as PDs, and other certain retail developments, containing more than 125,000 square feet of total gross floor area or stand alone retail stores containing more than 50,000 square feet of total gross floor area be required to provide, install and maintain in good working order, an exterior system for security surveillance purposes. It shall be the responsibility of the property owner/developer and any/all successors in interest or ownership of the properties/developments to provide, install and maintain in good working order the exterior system.

The system shall provide for complete surveillance of all exterior building perimeters, rear and side areas, walkways, other common areas and parking lots within the development. The systems shall function continuously, whether the businesses are open or closed and shall provide visible surveillance to the above described areas during hours of darkness.

Additionally, as a part of this system, a centrally located and Village public safety department accessible security room shall be provided and maintained by the developer/property owner. All digital video recorded by the system shall be archived on the development site for a period of not less than two weeks and shall be available to the Village for public safety purposes directly through Internet Protocol transmission via the Village's area wide data network and shall also provide a real time or live look surveillance capability via that same network.

The property owner or developer shall grant easements to the Village of Pleasant Prairie allowing access and maintenance rights to the systems, devices and areas associated with this DSIS.

The Ordinance also specifies the minimum Hardware Standards that are required as well as the plan submittal process.

The Ordinance clarifies the implementation process. Specifically, if the development consists of multiple buildings, tenant spaces and/or phases, the DSIS shall be installed and fully operational upon the verbal occupancy of each building, tenant and/or phase. The adequacy of the implementation of the system minimum standards for each building, tenant and/or phase shall be determined by the Village.

Finally, the Community Development Department is given discretion, on a case-by-case basis, to

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determine the adequacy, ownership and easement requirements of the system. This would be through the site and operational plan provisions of the zoning ordinance. If it is determined that previous agreements or contracts have been established between the applicant/developer/property owner in the Village, that those would be taken into account s opposed to just the strict requirements of the ordinance.

The one exception or modification relating to this ordinance is Prime Retail or Prime Outlets expansion. They have been in verbal negotiations and actually putting together an agreement with the Village staff over the last several months, and some of the agreements that we have entered into with them verbally will need to be worked into their agreement in order to make sure that all the things we've discussed in the past are per our discussions. What that means is there are a few provisions in this ordinance that would not be applicable to that particular development based on previous discussion. They're kind of mid way through the process, and this ordinance is intended to go into effect after their agreement is entered into by the parties. With that, I'm not sure if the Administrator has any further discussion. If not, I'd be happy to answer any questions.

Mike Pollocoff:

Jean gave a good, precise description of it. I think the broad scope of the intent is that the Village really has not seen significant commercial development as we have industrial or residential. But we have had some experience with commercial development and the type of crimes and the difficulty that those type of crimes can cause for law enforcement. The Village is different from most communities. As new developments come in we take a broad systemic look at what the impact of any new development is going to be on Village operations for a number of reasons. The first is to make sure we're capable and able to service the entity or the business that's going to be locating here, and being able to plan for or chart out what types of services in addition to what we normally provide we're going to have to do.

The ability to have this system or a system like this it does a number of things. But from a law enforcement perspective it enables the police department to be able to see if there's been a crime committed in a parking lot or at a car, someone leaving a building that's committed the crime, we know a number of things with this system. We'd be able to have a good idea what the person looks like. We have a good idea if someone else was accosted or attacked and what they look like. We'll know what the vehicle that they left in looks like.

And the other thing I think it's new in police work we'll actually be able to see as a squad is called at the area they'll be looking at what the cameras are seeing in real time. So they'll be doing a number of things. One is that they'll be ready as they get there, as other squads are responding they'll be able to position those squads and know what they're getting into. The extent that we're able to do this it makes it safer for the officers, it means that if we decide to fly blind and not have something like this we need to be prepared to either add more officers or deal with reduced response times, clearance rates, and those type of productivity measures that are important to us.

Jean had touched on the fact that we've had discussions with Prime Outlets about this because it was a concern for us there. And with Prime Outlets in essence we took the first step with them. We identified what type of system would be required for that site, and we actually came up with a

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number based on a design for that site. And in our agreement with them they've agreed to provide the Village with \$80,000 to get that put in and installed. But I think that we've addressed it with Prime, we've addressed the needs for the Village to be able to do this level of work and have it in there. So they'll pay for the system to be installed. The Village will own it, we'll have ultimate access to it, and it will provide the work that we need.

Going forward as future retail businesses or as Jean identified the planned developments or PUDs or big box stand alones come in, we'll have an ordinance that will guide us in being able to provide that service to I really believe the business as well as the residents of the Village. And I think the process that we went through with Prime really led us to the need for this ordinance to come into effect. This is one of those things where the Village is farther ahead to get this in place before big commercial development happens rather than waiting until after the fact. We know we have some larger commercial developments that are looking to locate. And given the land use plan for the Village those commercial developments are reasonably close to the Interstate. If somebody perpetrates a crime, they're off on the Interstate, they're going south, they're going north and we're picking up the pieces after that if we don't know where they're going with that. So I really believe this is good for quality police protection, fire and rescue, and the safety of the public at these facilities. Any questions?

John Steinbrink:

Comments or questions?

Steve Kumorkiewicz:

If I recall correctly Prime Outlets is going to have a room for security in which that's going to be accessible?

Mike Pollocoff:

They've already done that. They've provided that through their early phases and they're going to continue to have that with the addition. So this ordinance is not an issue with Prime Outlets. It's an issue that I think is an outgrowth of Prime Outlets and what we were able to negotiate with them to conduct business at their site. This is directed at the next one.

Alex Tiahnybok:

I've been in retail stores and business establishments and frequently see cameras. Isn't this something that insurance companies typically would require an establishment to have a surveillance system?

Mike Pollocoff:

I believe the difference is, and this is true for a lot of businesses, a lot of times the business that's being conducted in a building isn't the same business as who owns the building. So some businesses, and I think there's a number of stores if not all of the majority at Prime, for example,

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have cameras inside the stores. This ordinance isn't directed at that, because that's something that an insurance company is going to require or address, but we're talking outside the store when you get out into the common area who do you attribute that criminal to or who that person comes from sometimes gets to be a moot point. Sometimes the crime doesn't even happen in the store and comes out. It might be something that happens in the parking lot separate of the store.

Alex Tiahnybok:

One more follow-up. Is there precedence established? This sounds like a pretty advanced system. If it helps the police department it makes sense to me, but is there a precedent with other municipalities and their police forces?

Mike Pollocoff:

We haven't been able to find any in Wisconsin. So I think we are blazing trails to an extent. A number of businesses do them as just a course of business. And to the extent that the police department has access over it, that's really at the willingness of the business to provide either a tape or a disk or whatever it is that they're going to provide to the police department. So in this ordinance we're really kind of spelling out that we need it and what the standards for the cameras is going to be. There's no sense in having cameras that aren't going to properly record what we're going to do. And that the Village can have either on-line access to it or, like I said, a copy of the disk to be able to look at it and examine it. So this is a little bit on the cutting edge.

I think that's one reason as we went through the process with Prime Outlets, some of the numbers that we had initially talked about just based on what we've done at RecPlex and some of the other sites, were a little bit scary. But when Ruth from IT had sat down and worked out with some vendors just what we're able to accomplish, we basically for the Prime Site is \$80,000 and that's how many acres?

Mike McTernan:

I don't know, 12 to 15 acres.

Mike Pollocoff:

Quite a big spread of land. You can go crazy with it. But what we're looking at is being able to get a good look at what's going on in the outside places and be able to see what we're looking at, getting a good picture coming off the site, going into the site, or what's happening in the parking lot.

Mike Serpe:

Prime Outlets employs a whole lot of people and many of those employees are high school kids. I know that it's a concern with any parent whose child is working at any major retail establishment the safety as their concern. It wasn't too long ago we had a brutal sexual assault that took place at one of the stores at the shopping center. I don't know if the police would have

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been any more successful had the cameras been in place then. They ultimately did catch the guy as I understand it. But I would feel a lot better if my kid were working at Prime to know that if something were to happen there's a good possibility that whoever is responsible is going to be caught. More so that anybody who goes out there knows it's under video surveillance may think twice about doing something. So it's a two fold thing here that's going to benefit Prime and the employees and the people that shop there. I don't know if there's a concern, Mike, but obviously there's a concern and I think I'd like to hear what the concerns are if we could.

Mike McTernan:

Mike McTernan, Attorney with O'Connor, Dumez, Alia and McTernan and I represent Prime Retail. As Mr. Pollocoff had pointed out, security is of prime importance at Prime and it always has been and always will be. They own 37 outlet centers in the nation. They're the most successful outlet center in the country. And we have taken, as my clients do on every project, they take extensive steps to make certain that all their developments are incredibly safe. Otherwise they wouldn't be so successful if they weren't. We have maintained on staff and we did bring to the Village an expert in security who maintains and visits every site in the country regularly. And in that fashion and knowing it was a concern with the Village when we came forward with our site and operational plans for approval, we agreed with them to work through and provide additional sources of funding to extend security that they felt would be a cost on the Village to assist the Village with law enforcement activities.

In that fashion we came forward and felt that we had done an extensive job analyzing, providing for and preparing and developing our site which in days we'll be filing for final site and operational approvals believing we had completely addressed all of our security problems that were perceived by the Village, and struck an agreement and provided for the details of how that would be addressed, and we feel we've worked through staff and come up on a plan on how we are, even without an ordinance, which provides \$80,000 to the Village to do this. As Mike Pollocoff pointed out we do provide in our facility room for the police department to have access. We continue to in even putting in a more easily accessible site on the Lodge that's planned, and we feel that we have done all of this even if this ordinance never gets passed.

However, our agreement and our proposal on what we have established with our site and operational which is days from filing with the Village doesn't really fit on all four corners of this ordinance. And to have this ordinance adopted today I feel is unfair to Prime if they're going to have to say we need to change this, we need to change your site and operational because there's some things here that are different than what we negotiated with, we worked with and we prepared for the Village to accept for months.

When we saw this ordinance today for the first time I contacted the Village and said, Jean, this is something that I didn't even know was coming on the horizon. I saw it and I understood that we had settled and provided for and struck and allocated monies to provide for this, is this going to change? Jean wasn't viewing it that way. I don't think the Village is viewing that this is going to change, but in the context of looking at this ordinance, taking a step back, because we have site and operationals that are coming forward I don't want and I can't have Prime being situated to say, well, now that we have an ordinance that you have to comply with your other agreement that

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you struck weeks ago, months ago, four or five months ago, is different than what it is today.

So I applaud the Village in trying to come up with a plan to provide for a safer Village, but in Prime's circumstance, having us not have to follow what this ordinance says doesn't seem fair at this point. We're already in the process. As you know we've broken ground. We have footings and foundations in the ground and we have elevations about to come forward to get approved. I haven't had the chance to dive into the site and operational plans and look at this agreement that we have struck with the Village and sit down with staff and go through those nuances if this something that is going to make our plans change. I don't know for sure. But if it is I'm going to be objecting to it, and I'm going to be very upset about it that it's going to have a traumatic impact on Prime Retail. We can't have the project stall at this point. We need to open for business for the betterment of the community for next Christmas season.

We felt we've addressed all those issues. I'm not the expert in drafting ordinances or how this is going to apply. But I took a step back and said if this does apply to Prime and if there's something different that you guys are looking for now with this ordinance adopted if now I've got to change my site and operational I got problems. So if you want to pass this ordinance and exempt out Prime because we've already struck and made this arrangement with the staff and the Village Board and said we've come to terms with how, even if this ordinance didn't exist, to address security at Prime. That's my only concern is that I haven't had a chance to sit down, and I know I have a meeting tomorrow with staff to go through some of these details, and I'm sure maybe other developers that are not as far along, and I don't know if anybody is as far along as us, but I don't want an ordinance adopted that delays our project six months.

Mike Serpe:

Mike, could I ask a quick question. You said you developed a security plan. Do you have one different than what is in this ordinance, is that what you're saying?

Mike McTernan:

Yes.

Mike Serpe:

Can you share that with us?

Mike McTernan:

We provided the Village, it's very simple, \$80,000 for them to provide security anywhere they want that's not on Prime. This doesn't call for that. This I read it as where there's easements required to be placed on the property. I don't know if it's going to negatively impact their site and operational. I don't know. I don't know if what we have is going to be contrary to what this ordinance contemplates. I don't know if I'm going to have to spend more than \$80,000, because I've already agreed to spend \$80,000 and is that going to be enough? I assume it is but I don't

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know.

But I guess I'm sitting here and I can't, as counsel for Prime Retail, agree to an ordinance after we've already struck this arrangement and sit here, and I have to voice my opinion that I just hope that if something is going to happen tonight and you want to adopt this, that it doesn't negatively affect what we have spent in our idea of saying if you never get to an ordinance we're going to do this which is a huge contribution on Prime's part.

Mike Serpe:

So you're asking for time to discuss this a little further, is that correct?

Mike McTernan:

Absolutely. And I believe that the Village may have already addressed this, they've already probably looked at this.

John Steinbrink:

I think you've talked with Jean and Jean has tried to reassure you that your agreement stands with the Village. Prime and the businesses there have probably made every effort possible for the safety of their employees and their customers. And what our ordinance does is goes to the next level of protection for those people. And the agreement we have with you already does that, goes to that next level. I think what Trustee Serpe is alluding to is not to delay this but to make this a first reading of this ordinance and we can come back, because you probably are the farthest down the pike as far as development goes. We don't want to make anybody uneasy. We have an agreement with you. There should be some trust here.

Mike Serpe:

I was going to get to that point. I don't know that I would want to be a part of anything that says, hey, Prime we accept your \$80,000, we appreciate it, we accept the 500 square foot building for the police to work out of, and then come back and say, you know what, we need another \$30,000. I wouldn't be a part of something like that.

Mike McTernan:

And I don't think that's ever the intent. It's just when this came as a first reading today, and know it's standard protocol and on a Monday everyone was busy, and we eventually got to it at two o'clock in the afternoon and talking to corporate counsel at Prime saying how does this impact us. Between our staff and Village staff trying to make certain are we on the same page, which I think we are, but I just wanted to come tonight and reassure everyone we are going to continue to make our environment completely safe. Even if you never pass this, we're still doing what we believe is above and beyond what we think is appropriate for Prime.

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Mike Serpe:

And I think from the Village's perspective to say that we're going to take the \$80,000 that Prime as given the Village to put in a terrific security system that we're going to maintain and man and all you have to do is keep on supplying the stores and the people to shop there, I think it's a pretty good deal.

Mike McTernan:

I agree.

Mike Serpe:

But I also understand that nothing could be made worse by talking about it. So if you and staff want to get together for another meeting I would have no objection to that. I'll just hold my comments.

John Steinbrink:

As a lawyer you look into those corners and niches. You worry a lot.

Mike McTernan:

I apologize. Thank you.

Jeff Lauer:

Before I make my comments, Jean for this ordinance does it include only new businesses or anyone that's currently in place now and any new ones?

Jean Werbie:

It would be new businesses or businesses if they expanded that fell under the guise of this ordinance that their square footage exceeded the minimum requirements, but not any other existing businesses.

Jeff Lauer:

When I read this I do have a major problem with it. I guess to try to explain it as easy as possible, I know all of us can agree we hate unfunded mandates from the State and federal government and to me this is like an unfunded mandate to a business saying, you know what, you're going to spend thousands and thousands of dollars to give us digital systems here. By the way, we're going to take your easements and surveying people walking in the parking lot into the businesses I don't know if--I mean . . . I don't know if this affects privacy or not. But I just have major problems with this. When I read it it's the Village has control over everything. The businesses have to provide a room. The businesses have to do this and do that all at the cost of the business.

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If we're really concerned about it I think what we can do is maybe put a police officer on every business. But obviously that couldn't fly because it costs money. So we have to be careful what we're asking businesses to do. I just think I can't agree to something like this because you're asking businesses to spend thousands and thousands of dollars and then give up easements. From what I read here the Community Development Department has a case-by-case decision making, the Village has the rights to maintain it and to look at it. I just have real problems with that.

I wouldn't have a problem with it if the Village wanted to look at spending their own money which is the taxpayers' money but I know that wouldn't fly neither. So I think we've just got to be careful on what we're asking because digital systems are not cheap, especially if you want them in color outside. If you want cameras outside it costs a lot more money just because of the weather we have here. So I think we should be very considerate of that.

Mike Serpe:

Jeff, if I could answer that just briefly. Number one, it's not costing anybody thousands and thousands of dollars. There was an agreement that Prime Outlets came up with to provide security for their complex that we have agreed upon. As far as easements go, all the easement allows the Village to do that if there's a camera on a pole and it needs replacing or repairing, it gives the Village the right to go up that pole and check and replace or repair that camera. That's no different than the water towers that hold cellular equipment that the cellular have the right to go up and make a repair on their equipment on our property. This is no different.

This isn't a matter of companies spending thousands and thousands of dollars. As a matter of fact, the police are going to be on hand there and that's all a part of this deal. There will be an officer at Prime Outlets. Not 24 hours a day, but there will be one assigned and he'll be wearing a Village uniform. So I think this thing is well thought out. I don't agree that we're taking advantage of any business. This is something that Prime Outlets has readily agreed with the Village on providing security, and the Village Administrator and Ruth were astute enough to find a system that they could put in to cover this whole complex for less than \$80,000. I think everybody is pretty responsible in their actions to date.

Jeff Lauer:

I'm not saying no one is irresponsible. I'm not talking about Prime. I'm talking about any new businesses who come in to meet this square footage or expand to that. That's the problem I have with who's going to pay that digital camera to survey people walking in and outside the parking lot. It's going to be the businesses.

Mike Pollocoff:

I guess just as we start, Jean and I are negotiating with people who are looking to come to the community on a daily basis, and from a policy standpoint my understanding of Village policy, and I guess I need to understand where Jeff is coming from or where the Board is coming from, is that, in fact, our land division ordinance requires that the Village not subsidize development in

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any way, that we don't use tax dollars in order for someone to develop their property at the taxpayers' expense. We've tried to structure this ordinance to be as accommodating as possible and giving us as much latitude not to require overkill on cameras. I think Prime is an example. I can understand Mike's concern. And I really think what we developed with Mike is the framework for where we are with this.

But I really feel, and professionally I have to state, that if we don't do this the Board needs to be prepared to spend taxpayer dollars and resources to investigate crimes that have occurred out in these places, because we'll spend more investigative time because we won't have the information that a security system will tell us. We're going to be looking for people who might have saw what kind of car somebody got into. We'll be looking for people who might have saw what that person looked like. We're going to be looking for people to be able to verify what time somebody was there rather than being able to apply a technological fix that's going to help us with that problem. Because, like I said, that car is already going to be down the road or someplace else. That's what this has done. If we're not doing it with technology then we do need to be prepared to have the taxpayers spend more money for investigation, more money for police work.

My understand of Village policy to date is that new development is wonderful and it's nice, but we can't have new development that is going to create a greater drain on the Village resources than before they came. That's true with homes and that's true with businesses. And if the Board wishes us not to proceed in negotiations with developers that they be required to do these things in order to not impact our Village operations we need to know that.

John Steinbrink:

This kind of falls into one of our arguments with tax equity. We said we wanted other communities to be responsible with their development, because right now we're subsidizing the development in other communities, and one example is through the Sheriff's Department and its patrols. When they come in and locate businesses and they expect the Sheriff's Department to cover all the services and to do it without the tools that we're helping to provide here, guess what, we're paying for that. We're subsidizing that. And we're saying communities should be responsible enough to make the effort, and I know a lot of businesses want to be responsible in locating in a community, and they should be responsible enough to plan out that business in that community so it isn't a drain on the community and especially on other communities that are subsidizing. And this is just a small example of that.

We've always taken the lead in this, and this once again comes to providing safety for the employees and the customers in these large establishments especially located on the Interstate or near the Interstate. We've seen the horrific pictures which we're able to solve crimes where people were abducted and killed. The girl in Milwaukee and attacked in the parking lot. Without the aid of that camera this person would be on the loose. We need to use every tool possible to protect the public.

Mike Serpe:

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I wouldn't stop any business or any commercial development for wanting to look into Pleasant Prairie for their siting of their building or their business. If after they look over all the requirements that we put forth and they elect to come here, then they're in agreement to spend these extra dollars for extra security. If they say, hey, look it's too expensive to do business in Pleasant Prairie and we're going to go elsewhere, then so be it. But one thing I know, we no longer live in the safe world that we once knew and loved for so many years. It's changed. There's more cameras out there than ever before and there's going to be a lot more in the future. To not put them in would be taking a step backwards. We owe everybody in this Village and everybody in this country the right to be as safe as they possible can. And to not do something like this would just be an error on our part.

Steve Kumorkiewicz:

This system is used in many cities throughout the country. Chicago can follow a car going from block to block actually. So you see a car run away from a crime scene he can be traced. This is not to see what's going on in the store. This is to see what's going on out of the store which is beyond the scope of the owner of the store inside. So the way I'm looking at this is it's a system that's going to assist the police and help the police a lot. As Mike says it's going to save time. It's the exterior and beyond the plan of the development actually. I don't think they're going to fix . . . no question that this can be worked out. But I don't see too much of a problem with this issue.

We have to think of the security of our people and the security of the people that work in that particular development and also the security of our police department. That comes first. As usually happens in many instances in this Village we're the pioneers many times . . . start right here in Pleasant Prairie then it starts in other communities.

Mike Serpe:

If this is the first reading when does the second reading come, next Board meeting?

Jean Werbie:

Next Board meeting.

Steve Kumorkiewicz:

Monday next week.

Jean Werbie:

What we'd like to do is have ironed out all the final details with respect to the Prime agreement prior to bringing the ordinance back.

Mike Serpe:

And if that needs a little bit more deliberation would it come then at the second Board meeting in

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November?

Jean Werbie:

That would be my recommendation.

Mike Serpe:

Okay, then no action is required and move to accept the first reading.

Steve Kumorkiewicz:

Second.

John Steinbrink:

Motion and a second. Any further discussion on this item?

Jeff Lauer:

Motion to accept what, just the reading of it?

Mike Serpe:

Yes, with no action.

John Steinbrink:

No motion, just a first reading. Thank you.

B. Consider Renewal with Principal Health Insurance for FY 2006.

Mike Pollocoff:

Mr. President, we have negotiated a new contract with our existing carrier, the Principal Life Insurance Group. Carol has a PowerPoint presentation.

Carol Willke:

Mr. President, members of the Board,, as all of you are aware we have had not the greatest year as far as our healthcare, and we were looking at a pretty significant increase for our current plan if we renewed it exactly the way that we had it. So along with our broker we started looking at some alternatives.

What we'd like to do is stay with Principal. Everybody is relatively happy with them. They're pretty responsive. They have really good coverage. However, we'd like to fund it differently. It's called a health reimbursement plan. It's basically high deductibles that the Village would

then reimburse our employees a certain portion of those. So this is what we have now and what the plan would cover. Currently we have a \$500 deductible for three times your family members if you have more of a single in network, and then the difference for 2006 would be \$1,000 times three. However, the employee is still responsible for only the \$500, and then the Village would pay the balance of that deductible. So on the surface the employee is not going to see any difference other than they'll have to do a little bit more paperwork.

So essentially if they would go a provider, have a service done, submit it to the insurance company, the insurance company would send them the explanation of benefits showing maybe they have an \$800 balance due. They would be responsible for \$500, and then they'd have to take that explanation of benefits, send it to the third party administrator who would then cut them a check for the balance, the \$300 or whatever dollars it would be, and then they would have that to pay their bill when it came in.

If you keep going down the line here, these are the differences from what we have now and what we're going to have hopefully in 2006. The co-insurance is a little bit different but it's the same premise. While you're paying it, the deductible is 80 percent, and you still have that amount being reimbursed by the Village up to \$1,000. The out of pocket concurrently goes the same way, however, again, that will be reimbursed by the Village, so your out of pocket will remain the same.

We have changed the office co-pays from \$15 to \$20. Prescription drug co-pays will increase from \$10, \$25 and \$40 to \$15, \$35 and \$50. The mail order will go from two times the cost for a 90 day supply to two and a half times for a 90 day supply. Then routine exams will go from \$15 to \$20, however the amount will increase as to how much can go towards that physical.

These are the monthly rates that we're currently paying, and then also what they would be if we adopted this new plan. You can see if you go down the line there would be a total savings of \$111,000 approximately, about 8 percent.

Worse case scenario if everybody in our plan met their deductible and the Village had to reimburse it would be \$152,500. Historically and typically that is not going to happen. It's going to be somewhere between 30 percent and 50 percent of all plan participants who will probably reach their deductible. So for working on the premise of 50 percent it would be \$76,250 that the Village would be reimbursing, which would be a savings of a little bit over \$35,000 off of what we would be paying towards the premium.

The advantages of a health reimbursement plan puts more responsibility on the employee when managing their own healthcare. And I think it also makes employees more aware of what it actually costs. It's easy to go to the doctor and give them your insurance card and be charged \$15 and that's as far as you have to take it. So this way you're seeing more of the paperwork. And it also will encourage employees to be better healthcare consumers. In four or five years that might be one of the avenues that we can go down.

The disadvantage is that you carry the liability that every one of your participants is going to meet their deductible. Pretty unlikely but certainly something that we have to keep in mind. And there's also a little bit of added paperwork. However, we will be having training sessions and

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we'll make sure that everybody understands what the process is and we'll also be there to help them.

The recommendation is that we change our current traditional health plan to a health reimbursement plan. And we are also going to be asking for an employee contribution of \$10 a month for single coverage and \$20 a month for employee and dependent regardless of what those dependents are. Questions?

Mike Pollocoff:

One of the things I might add is that municipal governments are difficult entities to ensure for a number of reasons. But the primary ones I keep hearing, and it kind of falls to our group, as a group municipal employees are under more stress than other groups. We're engaged in more dangerous work than other groups. When we go shop our group out, any municipal government, it's difficult to get quotes on it. The group as a whole has a shorter life span than other groups, and we experience more difficult illnesses than other groups. We've had times, and I remember one time, we were without insurance for about three months because we couldn't get anybody to cover us after one company dropped us. So we have had reasonable success with Principal.

I've got to tell you of all the plans we've had, we've done some work, we have a consultant that worked with us on helping manage our risk, identifying the employees that were at greatest risk and trying to help them work through issues they might have. We've had sessions with employees on purchasing their healthcare more smartly, their drugs more smartly, and some of that has paid off, but this last year we did have a couple of instances that were tough on our experience. We had some high utilization.

The other thing that the Board decided as policy a few years back was in order to direct the policies to be more cost effective was to bring up the deductibles rather than the premium contributions. Our feeling was that increasing premium contributions encouraged utilization and using the deductible as a co-pay discouraged utilization or made people think twice about it. I think that's been pretty good. Before this last year we were at a 7 percent increase and a 10 percent increase. A lot less than what the growing rate was. But with the number of lives we have we're not a big group. If we have some horrible things happen that affects our rates.

John Steinbrink:

Mike, with those wellness seminars we had with the employees and we sat through those, too, with Mr. Carpenter, he made them more aware also of alternatives out there rather than running to the doctor, to the emergency room for every little thing. Places on line you could find treatment or answers or second opinions or different things. Did we notice savings on all those?

Mike Pollocoff:

I do. In those first two years we did see some savings. I know some people who had a bad back and they were ready to go through the whole process, and he got them in touch with a physical therapist to do some light work with them and they got their problems taken care of. Those have

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helped. It's just something that we need constant attention on.

The other thing is once a year all the Village employees that are in the health plan go through a comprehensive screening where we do a blood draw and they do an evaluation on them. And if there's somebody that's starting to come up with either diabetes or cholesterol or whatever that isn't getting picked up anywhere along the way, we get it picked up and get it addressed and help them with some lifestyle changes or things like that. Those are things that I can tell you in total that happened. I don't know who it is. HIPPA blocks us from knowing who is having those problems, and I think that's fair to the employee. They've got enough issues with us for meeting their job requirements. We don't know what employees are having health issues, but as long as they get it taken care of that's where we're at. We find we get a report that shows we had X number of issues whether it's diabetic or high blood pressure or depression or anxiety or whatever it is that get resolved. That's really what we want to know is that somebody is making progress on that rather than who they are and to what extent they have a problem.

John Steinbrink:

He made himself available as a resource to our employees for questions. Will he still be available for that or has Carol picked all that up?

Mike Pollocoff:

Carol has picked a lot of that up and Bob is still available. If we call and get him down here he will. He's in Chicago more often than not now. We have an on-line service that we kind of go through to get to him. But as far as the health management and identification of risk that's been pretty good money spent. I think it equates to the value of one family policy. It's not very expensive.

Alex Tiahnybok:

Carol, I'd like to commend you again for your courage. This is probably one of the toughest things in human resources to address as benefits. I did a little homework. Actually, before I go onto the homework I did, the savings that you showed on that one slide, on the handout that we got we actually got a third column in the middle and that was the renewal. Maybe I'm misreading this. Is the current 2005 renewal would be 2006?

Carol Willke:

Yes.

Alex Tiahnybok:

So the savings is actually a lot more than 8 percent?

Jean Werbie:

Yes, we took out what we were paying for this year.

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Alex Tiahnybok:

But it's inevitable--so you're actually talking about a lot more. It looks like \$450,000.

Carol Willke:

Right, if we would have renewed at our current plan for 2006 we were looking at about 14 percent increase.

Alex Tiahnybok:

Yes, so it's more significant than the 8 percent you showed. I did some homework with my employer. I called my director of HR, and on the alternative plan, the cost of monthly rates for employee, employee spouse and child and whole family were all marginally higher than my companies plan, but I think we have a larger number of employees and probably a lower risk category, etc. So those numbers look good.

My HR director said \$10 for single and \$20 for family as a contribution, the response I got is that's ridiculous. I said, what do you mean by that? She said you're paying \$186 a month for your portion of your insurance. So taxpayers are going to be happy to hear that you're working on this, but there's something to be thought about there, too. I think overall the plan looks good.

Jeff Lauer:

Carol, thank you for your work. Where I work we have a similar plan almost exactly like this and employees really like it. They pay a certain dollar amount on their deductible and then the company reimburses. I think it should go over well because it's very popular where I'm at. So good work.

Carol Willke:

Thank you.

John Steinbrink:

Other comments or questions?

Mike Serpe:

Alex, is there a deductible involved in yours?

Alex Tiahnybok:

Similar.

John Steinbrink:

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What is the County's now just out of curiosity?

Mike Pollocoff:

The County is 100 percent unless you're a supervisor then they pay a little bit. I understand completely where Alex is coming from. I think that all I can offer is that, and I'm not sure about your business, I mean I know what you do but I don't know where you work, but public employees and the people that work for the Village they don't have typical bargaining rights that private companies have. They can't go on strike. They can be irritated as much as they want, but they can't do a job action or do anything. And they gave up that right in order to get binding arbitration. So when we negotiate with the employees or when Kenosha County negotiates with the employees because for a lot of our non represented employees we follow those wage agreements, we're comparing ourselves to other governments. And if the government and the employees can't agree then it goes to binding arbitration.

In Wisconsin that's been a very solid system for the employees to make sure they haven't had any impact on it. I know the Village has one of the highest deductibles and co-pays in the area. We went to the employees four years ago and got that worked out. Again, we made the decision then maybe we could take and load it all into the monthly premium, but we think that drives utilization. But it's pretty tough. It's just a different set of scenarios to compare public employees who on one hand have their hand tied behind their back because they really can't bargain with us or negotiate with us because if they don't like the result they can't do anything because they have to stay at the job. We really can't be high handed with them or take them up on their deductibles and take them up on their co-pays because we'll lose in binding arbitration.

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At that point they're going to compare us with other public entities. That's something the Legislature has talked about.

It makes it real difficult when you're in a tax freeze environment where you've got a built in escalator for the bulk of your employment costs. I'm sure that's what makes taxpayers crazy because they look at their plan and it's not like our plan. But, again, our employees aren't like private sector employees. It's just the nature of the beast.

Mike Serpe:

Being a retired public employee I always compared myself to the private sector. And one thing I never received in the 28 years I was a public employee and that was a bonus or profit sharing. I don't know of any public employee that receives that. When times are good the private sector makes out very well as is evidenced by Chrysler. When things are going well those workers get thousands of dollars a year from profit sharing. That's something a public employee will never receive or could never even hope for because it will never happen.

The one nice thing that a public employees has going for him is that they're a part of the Wisconsin retirement system and that's one of the best in the nation. When they raise their right hand and swear the oath they swore an oath to poverty. But at retirement time it's okay.

Steve Kumorkiewicz:

Talk as a retiree from the private sector, I look at this number here and my insurance is taking 75 to 80 percent of my retirement right now. So I look at all these numbers here and the plan is pretty good compared to what we've got when I retired six or seven years ago in the private sector. In many companies now they are not giving any more benefits for retirees. My own company has mentioned that already. Starting this year January 1 no more benefits. So I think that in my opinion that looks pretty good. I wish I had this.

Alex Tiahnybok:

I just want to add something to Mike's comments. I agree with you. Private sector, when things are going well there may be an upside. Simultaneously, though, when things aren't going so well there's probably a more brutal downside. So you win some and you lose some. I think one of the benefits of being a public employees, my wife is a teacher, one of the benefits is stability so that needs to be taken into consideration also.

Mike Serpe:

I agree 100 percent.

Jeff Lauer:

That being said I'd like to make a motion to approve renewal of Principal healthcare insurance for 2006 based on Carol's presentation.

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Alex Tiahnybok:

Second.

LAUER MOVED TO APPROVE THE RENEWAL OF THE HEALTH INSURANCE PROGRAM WITH PRINCIPAL FOR 2006 AS PRESENTED; SECONDED BY TIAHNYBOK; MOTION CARRIED 5-0.

C. Consider Approval to Agreement between the Village of Pleasant Prairie and the Village of Pleasant Prairie Police Officers Association, Local 320 of the Labor Association of Wisconsin, Inc. for 2006 through 2008.

Mike Pollocoff:

Mr. President, we've negotiated a renewal of the police contract. This is our last year of the existing two year contract. We've negotiated a three year contract with the Pleasant prairie Professional Police Association. The primary focus of the contract is two and a half percent in 2006, two and a half percent in 2007, three and a half percent in 2008. The first two years we felt, again given the tax freeze environment we're in, we're going to help the Village significantly to be able to weather through what we're going to be going through. Three and a half percent in the final year to my mind is recognition for the department for the union for working with us on that. Plus I think we're coming into a healthier inflation cycle, and I think the two and a half percent is going to be on the bottom end of that.

The other thing that we negotiated were the terms of the health insurance agreement that we've adopted tonight.

One other minor thing that's a little problematical. The police are under a different dental plan. That dental plan doesn't exist anymore, so we're folding them back into the Village's dental plan which is basically a self-insured plan. All other terms and conditions of the contract are unchanged and remain intact. I believe it's a good agreement for both the Village and the officers, and it would be my recommendation that the contract be renewed as presented.

Mike Serpe:

What this department and these officers have gone through in the last few months I wouldn't wish that on my worst enemy never doing from day to day if they were going to be a Pleasant Prairie cop or not in the future. The nice thing about everything that's come out about this ridiculous proposal that came forward is that the vast majority of the Village residents love their police department and they have every right to love their cops because they do a good job for the people.

I don't know what the future is going to bring, but I do know this, that if there ever was another attempt to try to take over policing by the Sheriff, I think the people are going to come out in mass, and I wouldn't be surprised if it came to a referendum to shut it down once and for all. This proposal tonight that's in front of us at least gives these guys some breathing room for three years and that's good, but I want it to come to an end permanently. I don't think these guys

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should have to worry about what's going to happen after 2008. As long as I'm a resident of this Village, and whether or not I'm on this Board or not on this Board, I pledge one thing, I will fight for these guys forever because they're doing a great job, guys and girls. With that, I would move approval.

Steve Kumorkiewicz:

Second.

John Steinbrink:

Motion and a second. Further discussion?

Steve Kumorkiewicz:

I think we have to commend Mike to be able to sit down before the end of the year and work on this agreement. It happened many times . . . without a contract, and Mike was able to work with the unions and work out an agreement that is worth . . . so I think there's commendation for both the police department representatives and for Mike to be able to sit down and work together.

Mike Pollocoff:

The union was very good to work with and they have been. I can't say enough about having straight up dealing as we had with them. It's refreshing.

Steve Kumorkiewicz:

. . . if I'm on the Board or not, I promise you I'll be in the same boat with Mike side by side.

SERPE MOVED TO APPROVE AN Agreement between the Village of Pleasant Prairie and the Village of Pleasant Prairie Police Officers Association, Local 320 of the Labor Association of Wisconsin, Inc. for 2006 through 2008; SECONDED BY KUMORKIEWICZ; MOTION CARRIED 5-0.

D. Work Session to Establish Property Tax Levy and Consider Capital Improvement Plan for the 2006 General Fund Budget.

Mike Pollocoff:

Mr. President, tonight is really the culmination of our work sessions. This is where I'm really going to be looking to the Board to establish some priorities in the budget. You're heard every department that's not an enterprise department completely with the exception of sewer describe the operations of the department, their anticipated funding requirements for the coming year, their capital requirements . . . going to work forward to come up with tonight. I guess the work we need to accomplish is to sift through the budget as we have it, identify what policies the Village wants to identify as part of this budget, come up with a proposed tax levy that would be established. And then we have a hearing set right now for November 21st, and we need to have

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that hearing on that night because we'll need to get that budget adopted with whatever document we come up with tonight in order to get the tax bills out in the manner that will give the residents plenty of time to deal with their tax bill and get it paid. That would get the tax bills out I believe in the second week of December which is about when we usually get them out.

So what we'll do is Kathy and I will move through the budget as we have it. I've got a proposed mill rate that you've seen in the packet and a levy based on what my recommendations are for this budget. You'll see the funding list that we've come up with as far as what I'm proposing to fund and not fund. And then if you have any other ideas I'd like to hear those as well. Kathy, why don't you start and I'll pick up.

Kathy Goessl:

I'd like to start with the Village of Pleasant Prairie organizational chart. It gets kind of confusing when different presentations are given where everything fits into the puzzle. This gives the organizational chart with the Village Board on top. And then also under the Village Board is the Village Administrator. The budgets that we are looking at tonight approving are the ones in yellow. That our general government budget. Our general government budget is supported by the property tax levy.

General government is made of up three different funds or categories. It's our operating category, revenues and expenses; our capital category, purchasing of items that will last more than a year that is \$2,000 or more; and also our debt service which pays our principal and interest on the debt that we have outstanding just for the general government entity.

The next is Pleasant Prairie Sewer Utility and Pleasant Prairie Water Utility. We already presented or Ron presented the Pleasant Prairie Water Utility. The Solid Waste Utility was also presented to you but that's by also a user charge and not a tax levy. As similar to the sewer and water utilities there are user fees and not tax levy. In the coming weeks we'll be looking at the recreational budget which includes the LakeView RecPlex and also the Pleasant Prairie IcePlex. The Tax Incremental District is a separate fund within the Village. That tax levy is determined by a calculation that is given to us by the State. That tax increment is used to pay our debt service payments for that tax district and also to do capital improvements within that district. So tonight we're just concentrating on the yellow shaded area, general government.

The first thing I'd like to look at is our State levy limit and how it affects the Village mill rate. This is a calculation that was given to us by the State. There's a worksheet that has been sent to me. This shows the 2004 Village levy. Last year we levied \$6.8 million which covered cost for the capital, operating and debt. The State gave us the net new construction percent which is 3.433 percent. So if you take last year's levy and increase it by that 3.433 percent, that gives us our levy limits for the year which is a little over \$7 million.

But if we use the State levy limit, the actual Village mill rate will increase. Last year's mill rate was \$3.54 per thousand of assessed value, and if we use the State levy limit, we would be at \$3.59, an increase of five cents per thousand, which would be an increase to the current taxpayers to the Village for the Village levy. The reason for this is due to assessed value increasing at a smaller percentage than our net new construction rate. I'd like to have Rocco come up and explain that part of the equation.

Rocco Vita:

Rocco Vita, Village Assessor, 9915 39th Avenue. Kathy asked that I come and give you maybe some insight as to why if we had a new construction increase of 3.4 percent the total assessed value of the Village only amounts to 1.05 percent. Thus, we're allowed to increase the levy but we have not as large of an increase in the whole Village's value to spread that out. The numbers are kind of small, but you can see there's two components, there's really two assessors for the Village of Pleasant Prairie. There's the locally assessed property, the value my office determines the value for, and there's the manufacturing properties which Pleasant Prairie I believe has the fifth largest manufacturing base in the State of Wisconsin. Those values are determined by the manufacturing division of the Department of Revenue.

You can see the numbers here taking the real estate and the personal property. Remember last time I talked there's real estate value and there's personal property value. From 2004 to 2005 the locally assessed properties the real estate increased 4.11 percent, and the personal property increased 5.61 percent for a total net increased of assessed value from the values we produce of 4.13 percent. Now, of that 4.13 percent, 3.43 was for new construction.

The manufacturing properties, though, had a decline in value of approximately 17 percent. You can see 17.5 percent in the real estate and 14.4 on the manufacturing personal property for a net loss of 17.3 percent. Now, part of the manufacturing loss is actually just a shift within the Village. \$11 million of manufacturing property had been reclassified by the manufacturing division because two properties lost their manufacturing status, the Alpha Laval complex on Wilmot Road and the Snap-on Corporate Headquarters out at LakeView West. So \$11 million transferred from manufacturing and became commercial property locally assessed. That's why the 4.13 or the 4.11 is actually a little bit higher than the 3.43 in new construction.

The predominant reason why the manufacturing values lost value this year is remember going back I talked about the level of assessment, and the manufacturing properties assessed value is pegged to their market value times level of assessment. Last year we were at market value, a \$10 million facility in the park was valued at \$10 million. Now, they haven't published Pleasant Prairie's numbers yet, but I'm assuming and I'm predicting that the level of assessment will be somewhere between 92 and 93 percent, so we used 92.5 for our calculations. That \$10 million facility will now be valued at \$9,250,000. And when you look at the amount of manufacturing value just shy of \$300 million and losing that amount of money or that amount of value because the Village is now at 92.5 percent, means that the assessments will be reduced to reflect that.

So when you look at the \$71 million in real estate that was added this year relative to last year and \$11 of that was a transfer, the \$60 million in real estate we added on our locally assessed portion, whereas the manufacturing portion it indicates they lost \$51 million but in reality it was a

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\$40 million loss in assessed value. So the loss in the manufacturing sector went against our new construction and any of the other value increases in the Village. The bottom line kind of gives you the net. Overall the Village increased its assessed value about 1.05 percent because of the two. Everybody click with that? Make sense?

Kathy Goessl:

So the 2004 assessed value was a little over \$2 million, and for 2005 the estimated assessed value which our levy is spread over, a little bit greater than that, \$21.7 million.

The budget that Mike and myself are recommending we're recommending a no increase in Village mill rate budget, meaning that the current taxpayers will not see an increase in the Village portion of their tax bill. The mill rate would stay at \$3.54 per thousand dollars of assessed value.

As I mentioned before, there's three components to the general fund budget. The biggest component of the budget is operating and it also includes the biggest share of the levy at a little over \$4 million. The next biggest component of the general fund budget is debt service at \$2.5 million, and capital we're looking at a level of only \$271,000 for that component of the general fund budget.

The next thing we'll do is go into each of these areas and explain in detail what we're recommending. The first area we'd be looking at is operating, and these are the new programs that we're recommending, and I'll turn it over to Mike to explain.

Mike Pollocoff:

Next is creation of the clean water utility. The State mandate on storm water quality is going to take effect in 2006, and we need to be able to operate to do that. If you think back to the clean water utility presentation that the Board received a while back, one of the primary advantages of that is to move that off the tax roll and base the charges for managing clean storm water based on the nature of the property that's generating the flow. It serves two things. One, it's more equitable. It's not a tax because not every single property has it. And what it does is it takes those properties that do generate significant storm water drainage and it brings those properties back into the fold and they help pay their weight for managing storm water and managing clean storm water as opposed to not being on the tax roll.

The Village has close to a billion dollars of value that isn't taxed, and these properties would have to pay their share of the clean water utility. So we would move \$112,000 off the property tax roll and it would be funded as a utility. The level of funding that we have here recommended is to operate and be in compliance with the State mandates for clean water. And that equates to what we'll get into later, 48 cents per month per residential household. So the average household in the Village is going to pay 48 cents a month.

The next item would be to charge developers for inspection services. That's a program where right now we have developers that are using the expertise of the inspection department not engaged in actual building inspection but in helping them prepare their plans for grading, drainage and really using up inspection time for getting free assistance. I believe the developers can afford \$2,600 a year and that would come off the Village tax roll.

Hire a part-time commercial inspector. That's the program we talked about at our last budget meeting where we can take a commercial inspector and have them working for us, and instead of having 90 percent of our fees go to a private contractor have the bulk of that come to the Village.

The next is promote one existing police officer to sergeant. That's \$8,470. That gives us supervision on our third shift and it's greatly needed.

The next item is to repair the body of a 1994 Pierce pumper tanker fire engine. If you think back to the Fire Chief's presentation, we have an engine that we're starting to get some corrosion and rust on that engine. We can get that fixed up for \$35,000. If we don't do it, if we defer it, that engine should last a good 20 years, we won't make 10 years with the corrosion that will be occurring. It's my recommendation to do that.

The next item would relining a snowplow truck, getting a liner in the box of one of our trucks. Back to the public works presentation we were using street signs and welding those into the bottom of the box to keep the salt from going out on the street.

The next item would be adding four police radios and getting rid of the old ones that aren't functioning the way they should be.

The next item is \$6,000 to investigate a clean water impact fee. Again, we're going to be having new development that's impacting the Village, and we're looking for having Virchow Krause, our consultant, to prepare the other impact fees, prepare an analysis for us and a proposed ordinance to come up with a clean water impact fee for new development as that comes on so that the clean water utility or in an indirect way the Village taxpayers don't have to pay for that impact on new development.

We're looking to hire one part-time web intern for \$3,866. That's one that I think would enable us to help keep our website current, get more information out to the public on a daily basis. We're really looking for a college intern position to be able to take care of that. Same thing with a database intern. That's going to be a no cost alternative that's going to be someone who will be picking up more experience I think maybe than they're giving us but they should be able to help us.

We're looking to promote one of our public employees up to equipment operator status. That enables us to be able to spread our crews out a little bit more effectively where we can have an equipment operator for each of the larger pieces of equipment that we have and then the minor public works, the truck drivers or laborers being assigned with them. That's a rather minor number.

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We're also looking to hire part-time public works employees at \$12,000. DPW recommended three. I'm willing to recommend one to help us get some work done. There's no question we're adding on more miles of roads than we can--on a seasonal basis we can use the additional part-time help.

The other item is \$7,000 for actuarial evaluation of post employment benefits. This is something that the Village is going to need to be able to address as far as an accounting standard for the coming year. What we're going to do is have a consultant, an actuarialist, take a look at what the Village's exposure for retirement benefits for employees are so we can identify what that dollar amount is and be able to plan for that in the future. That's a new account requirement that we need to be in step with.

The next item is to paint the salt shed. We're getting some excessive wear and tear in that building. It can hold up to a quarter million bucks worth of salt, and if we had that building go bad on us that's going to be a significant loss. We also want to epoxy seal the shop floor at Prange for \$7,500. So those are my recommended new programs. The net expense after the storm water utility basically comes out to \$16,057.

The next slide is the programs not recommended. I went back and forth on the first one that didn't make the cut and that's an additional firemedic. If there's anyway you can find money, not that all our departments are fully staffed up, but if you think back to the fire department's presentation and ability to deal with response times that's one area where we fell behind and we'd made a commitment that we're going to keep up with that if we can. That's my first item that I didn't recommend but it's at the top of the priority list.

The next item is to update the comprehensive plan. That needs to be done. I'm not sure Kenosha County is going to get the grant anyway, so that might be money if we funded it would be probably spent.

We need to rebuild our power washer. We could stand to have more fire training for our hazmat equipment. The chief would like to increase his clerical hours in fire and rescue. We'd like to make the HR clerk from part time to full time. That's \$7,800. Port-a-potties in the parks that's \$2,000. Improving Lake Michigan parkland \$7,820. Hire a full-time database administrator \$77,220, and then increasing the Judge's salary at \$5,960. So the total programs that I'm not recommending is \$206,605.

If we're able to through this process arrive at another \$55,624, the one that I'm most disturbed over not being able to fund is that first one, the full-time firemedic.

Program reductions. These are reductions that I accepted. If you think back, all departments had recommended reductions that they could make in their departments. I don't think they wanted to make any of them, but there's some that I think are worth taking.

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The first one is attorney's fees for the public safety communications union negotiations. We haven't started those yet, but we typically contracted or we had legal assistance helping me negotiate that. We now have our own HR person so she'll be taking that over and I recommend we take that one.

Reducing our newsletters from four to two a year. Given the fact that we have a website now and doing two we could save significant money, \$12,450 by just cutting it down to two.

Eliminate transcription of verbatim minutes. If we go to summary minutes we can save \$4,000 in transcription fees.

We have a vacant part-time position in engineering. I would take that recommendation for a cut.

Health insurance contribution, the \$4,680 we talked about that earlier.

The other two don't have a dollar amount on them yet, but those are things that I'm recommending we do, and if we can come with any savings we'll do it, but it's going to take some more investigation especially on the short-term disability being able to shop that plan around. If we can get a price that's going to net us out to a savings. So total recommendation in reduction is \$29,565.

Program reductions not recommended. Exempt fees \$26,900. I was kind of on the bubble on this one. Again, the fire department goes to school or they go to RecPlex or they go to the softball field for one of our programs we haven't billed them. Everybody likes frozen taxes so maybe we ought to be able to say, okay, we'll bill you if we have to come get you at our own site. That's really what it is over picking up kids. So that was one that I personally was on the bubble on.

Eliminate the Village portion of clean water capital projects. That's zero because we didn't have any money anyway, but what we'd be saying is that any storm water projects or clean water projects we do would have to be funded by the storm water utility, or they would be 100 percent contribution by the affected residents.

Cisco maintenance that's money we need, the \$4,000. Eliminate inspection attorney fees. If I believed we weren't going to get sued in a year I'd say yes but we always get sued every year by somebody complaining that an inspector either has done something that they don't like or he hasn't done something they don't like.

Eliminate landscaping cost. Once we have kind of ridden this bus down the hill and the brakes are gone completely, if the tax freeze goes on that's one I'd eliminate at that time, but right now it does add some nice amenities to the community.

Eliminate two part-time park employees. You'll see the lawns looking a lot shaggier all over the place, and I can't recommend that that's going to be a good thing to do yet.

Decrease the hours for the part-time court clerk and save \$4,676. The case load is not going to decrease so I don't know what eliminating the part-time court-clerk would get us.

Health insurance plan design update, \$37,800. This really probably before we came up with our new quote. So I think we do have savings in there now so that program reduction is prior to us getting our new rate.

Eliminate a part-time finance clerical employee. Again, when we start having our CPAs do clerical work I don't recommend that. The assessing receptionist/data entry clerk really she's an assessing clerk. Again, we're going to have appraisers and assessors doing difficult duties, or doing the clerical duties and some of the data entry and clerical work, instead of having the appropriate person do that. Plus with the assessing consortium we end up shorting ourselves and we don't save that much money if you were to cut a staff person totally.

Reduction in salt and mag chloride use. This goes with the other one, the eliminate snowplow overtime hours on side roads. I mean those are some significant savings that can be received. But I've got to tell you when we do have snow events the number of accidents we have on our roads compared to a County road are significantly less. That's due to two things. One is our guys get out and get it done and the County doesn't, and you end up having accidents on that. Secondly, one of the ways we save money in the fire and rescue department we have volunteers who are coming to calls, and if they can't get out to the calls then where are we? If we do anything with snowplowing and getting the ice off the roads it's making life safer for everybody. John, Jr. does a good job. The Village has always done a good job of getting that out, and that's taking I think a major step backwards. And to me it's a safety issue. Some people don't like seeing the roads salted, but when you look at the overall what you're trying to accomplish you're really trying to make the road safe. That's what we're looking at.

And eliminating the police officer that's the last thing I'd want to recommend. I'd recommend we'd hire one before we got rid of one. Here we go back to our operating categories. Why don't you go.

Kathy Goessl:

This bar graph shows our operating revenues. Our top four categories of operating revenues is intergovernmental revenues, license and permits, public charges for services and other taxes. We're looking at a slight decrease in intergovernmental revenues. We're looking at an increase in licenses and permits fees. We're looking at an increase in public charges for services, and we're looking at a slight increase for other taxes.

The next slides I'll go into the detail on these changes in these four major categories. The first area is intergovernmental revenue. As I was saying, that area is going down actually about 3 percent. This area is made up of income tax from the State that's our shared revenue payment. That's going down slightly. Road grants from State is also going down slightly. The biggest change here is our clean water grant. We had a grant this year to complete a clean water storm water plan that will be completed this year. Therefore, the grant money would be received this year and the plan is done. There's no need to do another plan next year, so there's no revenue source coming in next year for that. And there's also no expense in clean water utility for that

plan. Other shared revenues are going up just slightly in that area. So we're looking at an overall decrease of 3 percent in intergovernmental revenues.

In the licenses and permits revenue category, it includes licenses, licenses being liquor licenses, bartending licenses, dog licenses, that type of licenses. We're just looking at a slight increase there due to activity. The other categories are all going up in this area mainly due to us projecting more development coming on line compared to 2005. Building permits is going up 8 percent, zoning permits 7 percent, fire department permits, which is also based on development, 13 percent, and the property record maintenance fee which the assessing department assess that fee to go out to peoples' homes to check them when they first are built or there's a building permit pulled for an improvement, and we're looking at increased development there, too, so we're looking at an increase of 26 percent.

So we're looking at overall in the base budget for this area of a 10 percent increase. The two programs that Mike talked about two of these programs affect this area. We're looking at charging developers for inspection services that falls in this category at \$2,600. And to cover the cost of that part-time database intern, on the list it shows a cost of zero. That was because we're looking at increasing permit fees in order to cover the cost of that database intern, and the revenue source here is shown on in our license permits category. So with the new programs added in we're looking at an overall increase still of around 10 percent.

The next category of revenue source is public charges for services. The public charges for services include our rescue squad earnings which is when we charge people when the rescue squad is sent out. We're looking at a slight decrease there due to historical trends that we've been seeing in the last year or so. Engineering department services, that's charging developers, and also the big jump for 2006 is due to our change in accounting practices. In the past we used to if the engineer worked on a Village internal project we would just charge his salary and benefits directly to that project. But now what we're doing is we're leaving the salary and benefits in the engineering budget and then we're billing out the project, billing out our own internal project for his services at a little bit higher rate than their normal benefits. So we added administrative charge onto the salary and benefits and then charge that to our internal projects. So that's why the increase here is due to increase in development, and also due to that change in accounting practices of charging ourselves for engineering on internal projects.

Last year we did have it in the budget but it never got off the ground the clean water utility at \$100,000. It now for this year has become a new program request to be approved before we go forward with that. We are moving Prairie Family Days to the RecPlex for the special events coordinator there to administer that program instead of having the highway department, public works, John, Jr. administer that program. So we're pulling that as well as the expense for that program which is basically a net out of the general fund budget and moving it over to the RecPlex.

The street lighting district is collecting fees from three business districts in the Village for the street lighting. They require more street lighting in the residential area, so we charge Prairie Ridge, commercial, the Lakeview Industrial Park and then the Town and Country where Ace is on Highway 50 for street lighting. So we're looking at a slight increase there due to increased energy costs. Basically we take the bill from We Energies and charge it and add a little bit of

administrative fee for our time and bill it to them. For our own street lights we bill an electric charge for that and then we also add on the cost for us to replace that street light in the future.

Co-location to the new service which Ruth mentioned in her budget. That is leasing space at the RecPlex where Time Warner cables are connecting in to outside businesses to store their backup data. We're looking at \$90,000 for next year and that's a pretty conservative number compared to the number of slots that we have available.

Administration fee is the fee charged to developers for the paperwork that's being done by finance and administration, keeping track of that development and the financial part of those developments. Because developments are increasing next year we're looking at a slight increase in that area, too.

Other is special assessment letters. There's some police, fire and highway miscellaneous earnings. Right of way permits are in this category. Development clean water charge, this is charging development to videotape the new storm sewers that are put in, and some public works and clean water compliance. So if a developer is not following through and we may have to send a street sweeper out there to sweep the street we'll charge them for that. So those are the type of revenue sources that are in other and that's increasing slightly. So in the base budget we're looking at just a 1 percent increase in this category. And the only new program here is the creation of the clean water utility at \$112,000.

The next category is other taxes. In this category we have mobile home taxes which is similar to our real estate taxes but it's separately accounted for. Our utility tax equivalent is our water utility paying the general government a tax equivalent calculation on the property that they own within the Village. Hotel taxes, this is the percentage kept by the Village. 90 percent of the revenue, and actually we collected close to \$400,000, and 90 percent goes to the tourism bureau.

Also in this category is property tax penalty for people paying their property taxes late, and other taxes in general and that's going up slightly. So we're looking at 2 percent increase in other taxes mainly due to the mobile home tax area.

Our other operating revenue categories there's four additional ones that are a little bit more minor than those other four I just mentioned. It's intergovernmental charges. Intergovernmental charges include our charge to Kenosha Unified School District for the school liaison officer. It also is our contracts that we charge out to the communities for assessing services, and also the water and sewer utility pay a utility lease payment to the general government for the space that finance and administration and HR has in this building.

Fines and forfeitures are staying the same. That's the fines and forfeitures that are collected by the municipal court. Miscellaneous is going up some. In that category is interest, tower leases and miscellaneous sales. The biggest component there is interest income, and that increases due

to our interest rates going up compared to prior years. Other category is \$16,000 which is the same actually, our transfer from RecPlex to the general government for the park services they use for maintaining the grounds around the RecPlex Area.

Now I'll go and switch from revenues to expenses. These are operating expenditures. I have five major categories that I grouped our departments into. Our groupings are public safety, public works, administration, CD and parks. All the categories except for CD and parks are going up slightly. I'll go into more detail in the next slide.

This is our public safety budget. Public safety in their base includes the police department, the fire and rescue department, inspection department, public safety communications department and includes the Roger Prange for a total budget last year of \$5.5 million, and we're looking at \$5.8 million for this coming year. A lot of this increase, the 6 percent increase, is due to personnel increases on contracts. There's a lot of employees that we have in the police department, and 13 or 14 in the fire department that have benefits associated with them and also have contracts. And this is a follow through with the contracts we have with them. Also, in the Roger Prange there's electric and gas increases for next year.

The new programs that were recommended that applied to this category is the part-time electrical inspector, promoting a person to a sergeant, repair body of the Pierce pumper, adding four police portable radios, painting the salt shed, epoxy sealing the shop floor for a total of new programs of \$36,908. The reduction associated with this category of public safety is a reduced reduction in attorney fees for the public safety dispatchers. So that's the public safety category.

This next category is public works. Public works includes our engineering department, our public works streets division, our street lighting expenses and our clean water utility or clean water department at this time. Last year's budget for these four areas was about \$1.6 million. We're looking at around \$1.7 million proposing for this coming year. The large decrease in the clean water utility is mainly due to that grant I mentioned earlier in the revenue area. This is actually expenditures that were associated with that branch to put together this clean water plan.

The new programs associated with this area of public works is to reline one snowplow truck, investigate creation of a clean water impact fee, to promote a public works employee and to hire a part-time public works employee for a total new program request of this group of \$23,888. Program reduction is to eliminate the vacant part-time employee in the engineering department for a reduction of \$2,435. So we're looking at this budget increase of around 7 percent.

The administrative or general government category includes a number of departments that were presented in the last couple weeks. We include the Village Board, the Municipal Court, administration, human resources, IT, finance, assessing and Village Hall for a total proposed budget of \$1.5 million, a little bit over an 8 percent increase. The big increase in the IT department is two things. First of all, it's the video person that used to be in RecPlex part time, that position was switched to the IT department with a salary increase. Also the increase in co-location. We have a revenue of \$90,000 for co-location. We have a related expense for co-location of about \$30,000, so that's the increase in that area.

The new programs associated with the administration division are to hire a part-time web intern,

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\$3,866. This is one-third of the cost of a part-time web intern. The other two-thirds is currently being looked at in the RecPlex area. Hire a part-time database intern that's the \$14,638 that would be covered by permit fees if approved. The actuarial evaluation of our post employment benefits that's the \$7,000 that Mike talked about and that's a counting requirement. A total of new program requests for the administration grouping or category of \$25,504.

Program reduction includes elimination of the transcript of verbatim minutes, health insurance contributions by the employees for a total reduction of \$8,680, for a total budget proposed of \$1.6 million for the administrative area.

Community development includes just one department, community development, which is looking at a slight increase of \$7,363. They have no new programs. There's one reduction to reduce the number of newsletters which cost is \$12,450, so we're looking at a little over half a million dollars for this department.

For the parks department, again there's only one department in this category, parks. This is looking at a decrease of about \$70,000. The main purpose for this decrease is due to the expenses for Prairie Family Days being moved to the RecPlex. As I mentioned earlier in the revenue category we're also moving the revenue out of general government. Last year Prairie Family Days was budgeted at a net so revenue and expenses were equal.

This sheet summarizes all the revenues and all the expenses onto one sheet in showing where we were last year for the 2005 budget and what we're proposing for 2006. Property tax we're looking at proposing, and this would keep the mill rate the same, a little over \$4.2 million. Other revenues is all the revenues I talked about, those eight different categories all lumped together in one number, we're looking at a 2 percent increase in that category of revenue. New programs associated with revenue is mainly the clean water utility being separated out from the tax levy and being moved to its own utility, for total revenues of a little over \$10 million.

For expenses I've listed the categories that were detailed out on the previous slide. We had the public safety category, public works, administration, community development and parks, and I broke out the new programs for everyone and lumped them all into one number and also the program reductions lumped into one number to give you the total expenses which is a little over \$10 million also. The transfer in is, again, the transfer from RecPlex to the parks department or general government to help pay for the cost of maintaining their grounds. Right now we're not quite at a balanced budget. We want to aim to get to that zero point after discussions tonight. Last year's budget was a balanced budget at a little over \$9.5 million.

The next category we're switching from the operating category now to the capital category. I'd like to turn it over to Mike to explain his recommended capital purchases.

Mike Pollocoff:

My recommended capital purchases for the coming year is police vehicle fleet replacement. We replace a portion of our fleet every year as they approach 100,000 plus miles. Replacement servers in the IT department. Those need to be replaced so we stay current. If you think back to Ruth's IT presentation we have some difficulties in that area. Appraisal vehicle, we have one

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appraisal vehicle that's almost undriveable at this time. One snowplow with a side wing to replace a 1985 snowplow. One zero turn mower to replace one that's in a difficult position. If we don't replace it we're not going to be able to meet our targets for mowing for parks. And Civic Dashboard is a software package to increase productivity in Kathy's department and get the departments on line with where they stand with their budgets rather than waiting for their reports to come out.

We have capital not recommended and these are basically in alphabetical order. We have \$2.7 million worth of requests that I'm not recommending that we fund. I'm not recommend we fund those in order to maintain the freeze on the budget so we can all say we froze our budget. Some of this stuff needs to be done. The significant thing is in the fire and rescue department there's an ambulance that is three years beyond replacement. Our third ambulance needs to be replaced. There was some significant improvements that we need to make in our IT department to make productivity in the Village.

The roads, if you think back to the discussion that we had in coming up with a road maintenance program to get the roads up to spec, this year we need to do \$1.4 million in road work improvement. Needless to say we've got about a couple hundred thousand dollars to play with and that doesn't even come close to it. To me that's a casualty of the freeze. I don't know how else to do it. I can't recommend that we bond for roads. Roads have in a lot of respects a shorter life than a bond. And my recommendation is if at some point the Board decides to do roads I think it's going to need to be a referendum item to adopt a road plan that's going to have a sunset on it to get us up to speed and then have a smaller portion of the road improvements after that. Every year we defer on road maintenance we get \$1,040,000 behind, so it's going to cost us an extra million in road improvements to catch up. So if you think about those roads that are on the scale of 1 to 10, you're going to have those 6's and 5's and 4's dropping off into the next level and that's where we're at.

The Village's residents I think have been pretty vocal about the fact that they don't want some of the less expensive treatments, and we're looking at paving treatments and we're looking at some roads that are just gone in a big way and they need to be redone completely. So it was a \$6 million project altogether over a six year period, so we'll be deferring that for one year. And I guess my recommendation is based on what I'm hearing as far as people wanting everything frozen we'll probably freeze it for a couple years and deal with it on the back end.

The clean water department utility, again, we have storm water projects that total \$3 million that need to be done, and under a freeze environment I'm not recommending we do any of those. Those get deferred over to the utility for a couple reasons. One is I think if we are going to take care of that in the future it's my recommendation it happens there. Secondly, we really haven't come to grips with how we want to pay for storm water improvements and whether or not we want to make a contribution, whether we still want to continue the 50/50 process. Plus I know we need to do a significant amount of public education on what the clean water utility is about and how that works and that hasn't happened. That would be something we need to do this coming year.

Mike Serpe:

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Mike, while you're still on that page. You've got \$2.7 million worth of capital that's not going to be funded. Every year, and this is the fourth year I believe we've gone without a tax increase. That's not too bad. But I think we're hurting ourselves, because the reality is that at some point in time we're going to have to do \$2.7 million worth of work in this Village and I don't know where that money is going to come from when you're talking tax freeze. Referendums? I don't know. This is unfortunate that we have been so frugal for so many years because we really hurt ourselves now when the tax freeze comes forward. We were doing tax freezes when they weren't popular. But I just want to see where future Boards are going to come up with \$2.7 million because these things are going to come due one of these days and I don't know where that money is going to come from. It will be interesting to see how it pans out.

Mike Pollocoff:

It's difficult. We had a choice in the previous two years and people were beating the drum pretty loud to freeze taxes. We froze them or were in the 1 percent or 2 percent range, but now you really don't have any say in it anymore. So whatever we want to do, and this assumes that Madison keeps the freeze on for two years, but having a freeze and saying we don't have increasing costs and expenses, it's a joke. We do have increasing expenses and we have needs, so I think at some point everybody has been convinced that government should freeze everything, so if we go with that for a couple years and then assuming the freeze continues, which my thought is it will, then it will be like every government is a town government and we'll have to have a referendum on everything we buy. That's really what we should start planning for the future, having referendums on buying an ambulance or having a referendum on buying a snowplow or paving a road.

Kathy Goessl:

This is a summary of our capital fund. You can see we had \$1.5 million of capital outlay for last year which is mainly using up our fund balance. Our beginning fund balance was around \$1.4 million, and the budget last year was to end around a little under \$300,000. In reality we bought something that was unbudgeted. I think the parkland, and we were proposing to end the year lower this year about \$113,000. You can see the tax levy in this area is going down about \$90,000. That is used to shift to our operating to help fund some of the things we need to operate and Mike recommended. The other category is mainly sales of our old police vehicles and some of the other equipment that we'll be selling because we're purchasing some of the recommended items. Also the other includes are cost sharing with our assessing communities on the assessing vehicle.

So we're looking at a balanced budget here ending the year with revenues balancing with our capital outlay with only a little over \$100,000 of net fund balance. Nothing here for anything unexpected for next year.

Now we'll switch to the third category which is debt service. This graph show our principal and interest payments over the years and looking into the future where our debt service payments will be. We steadily increased in 2001 through 2004. 2005 is the first year we had a slight decrease. Now we're pretty much leveled off here for the next two or three years and because we haven't

borrowed in a while we're looking at a drop in 2009 and 2010. This graph shows our principal balances. This is just the general fund. We have debt also in our sewer utility, water utility, TID and also RecPlex/IcePlex. This is just the debt for our general fund government which is funded by tax levy. We were at almost up to \$19 million in 2001. The lighter grayish colored bars show the principal balance and how it's decreasing over the years down to a very small balance, under \$4 million in 2010. The blue bar shows the amount of money we borrowed in the past for capital projects. We borrowed a little over \$2 million in 2001. The last time we borrowed around a million in 2002. We haven't borrowed since 2002, and we're not recommending borrowing into the future.

Mike Pollocoff:

Kathy is indicating once we--this kind of dates back to Governor McCallum when he was going to take all of our shared revenues, the power plant revenues and the road aids and put a freeze on it. It became pretty clear then that Madison was going to have a significant impact on our budget. So in these years that we've kept the levy increases really small that's one reason I haven't been able to recommend and I won't recommend any borrowing going into the future because we need to retire debt that we had. The Village doesn't have the flexibility to increase in spending. So we need to not borrow for anything and only pay for anything we're going to get based on what we can afford at the time. Given the fact that we're under a freeze it puts that much more pressure on the Village to incur for the general fund operations more debt.

Kathy Goessl:

This next slide is the debt service fund summary. The debt service carries around \$200,000 or \$300,000 in fund balance. We're looking at a tax levy decrease in this area. Again, we shifted that tax levy decrease from our debt service to operating. That's how we're able to fund between capital and debt service close to about \$180,000 in operating requests. We looking at special assessments. We have road or storm sewer projects the special assessment payments of interest and principal goes into this fund. This all depends on if people feel like staying on the installment plan or paying in full, so this fluctuates at times. We're looking at a decrease of \$22,000 in that category due to peoples' choices and their payment plans.

Interest income we're looking at a little bit increase in interest income due to the increase in interest rates that we're now seeing in the market. This shows our debt service payments. As the graph showed we are reducing debt service payments and this schedule also shows that. We're looking at debt payments last year of \$2.6 or almost \$2.7 million. We're looking at \$2.6, about a \$100,000 decrease in debt service payments. We've always balanced this budget between revenues and expenditures, and so we're looking at hopefully ending the year at about \$241,000 remaining with that balance of \$298,000 in this fund.

Carol earlier tonight talked about health insurance savings. When this budget was put together, we just met with the health insurance consultants last week, so the current budget does not reflect those savings. All budgets, general government, sewer, water, RecPlex currently included a 10 percent increase in health insurance. So the current budget that we just presented does have the 10 percent health insurance in it.

Sixty four percent of our health insurance costs are for general government employees. The rest of that health insurance cost is mainly RecPlex and our sewer and water utility and some solid waste. So in the general government we budgeted a 10 percent increase, and if we brought that back down to leaving our premium the same as it was this year we're looking at a difference of \$95,000. So we budgeted an addition \$95,000 in the general government for that 10 percent increase that we were anticipating. And then with our change that was approved in health insurance plans this evening, we're looking at an additional savings of about \$22,000. That reduction of 8 percent in the calculation is taking into consideration our deductible pay outs that we need to make to the employees. So we're looking at a total savings of \$117,000. As Mike mentioned earlier, if we can find someplace for the firefighter position, I mean this has not been take in terms of money. But also we're very unfamiliar with the health reimbursement accounts and how they're going to work and if we're going to have any hidden costs. So some of this savings should remain in the general fund to help fund the unanticipated costs that may occur as we go through that process. Mike, do you have any comments on this health insurance?

Mike Pollocoff:

Well, we have \$117,000, and I'm reluctant to pour all that into anything. As Kathy says, this is going to be a new venture for us as far as how we're going to treat this. The maximum exposure that we had was \$152,000. We've never had every single employee claim every single deductible dollar they could and we don't think that's going to happen, but I think it's prudent to set part of that aside and make sure we have room to cover it. And if we do have some left over to roll that into the following year's health insurance to give us some cushion in there.

We just went through operational needs that are incredible. You could spend that \$117,000 just like that. But my recommendation is at least the one thing of the programs that were presented that I'd want to fund would be an additional firefighter. The rest I'd recommend that we save and hold back for health insurance.

Kathy Goessl:

The next important issue is the clean water utility that Mike talked about earlier, us creating that utility. The creation of the clean water utility we have a couple choices here. First of all, we can just cover our net operating expenses which currently in this budget is about \$112,000. That would be only 48 cents per equivalent residential unit per month. But capital we have a large dollar amount of capital that needs to be done in the storm water utility. A dollar per equivalent per residential unit per month will get us \$235,000. So every dollar you add you get another \$235,000 for capital to help fund those capital improvements.

This is our five year storm project plan. As you can see, there's \$3 million in our plan for the next five years. So there's choices to be made in terms of funding this \$3 million.

Mike Pollocoff:

Some of those, the Barnes Creek replacement along 1st Avenue, that's a critical project. We're

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going to be having an assessment hearing on Carol Beach Unit #2. We've got that in 2007 as a project to begin. I'm sure people want to have that happen sooner than later. The same thing with Carol Beach Unit 4 and 104th Avenue. So those are, again, projects that I recommend be funded by the utilities because we can't under a frozen tax environment incur additional debt in the general fund and have that be on the property taxpayers. Or, the other option would be to take this to referendum and have the Village vote on whether or not they want to fund the Barnes Creek replacement project or Unit 2 and Unit 4 and 104th. The other alternative is to raise taxes in those years to cover those projects, or have it funded out of the utility.

Kathy Goessl:

Another important area that Mike talked about earlier, too, is the road maintenance. For next year as our not recommended plan showed we have a little less than \$1.5 million in road maintenance type activities, the chip sealing, micro pave, mill and pave, reconstruction type activities that we're looking at in our six year plan. This is the 2006 part of it.

Here's the five year road plan, and the five year plan has \$6.4 million, the majority of it being road maintenance type activities. And then we also have the 80th Street extension requiring some road right of ways of that area of \$640,000 in 2007. This is our capital plan for our road projects of \$6.4 million.

Mike Pollocoff:

Again, we defer 2006, the roads will degrade to the tune of a little bit over \$1 million, so that in 2007 it will be more expensive. And if we don't do 2007, you start growing that at a greater rate. So you get into having less microsurfaces you have to do, more mill and overlay and more pulverizing and overlay. Again, this is a concept that I think in reality is good for a referendum. I think it's something that you can describe a project to the public, you can identify the streets. John has identified what streets get done when. After a period of five years when every street has been brought up to spec then that following maintenance period is substantially reduced. If you identify the mill rate, if you go through referendum, it identifies that those roads are going to be the only thing that mill rate, that portion of the mill rate would be to improve those roads, and that at the end of five years the mill rate would be adjusted back down to accommodate what it would take to keep it maintained at those levels. That would be one thing that since the Board can't make that decision on their own anymore that would be something that we could put to referendum and see if people are interested in doing it or not.

Kathy Goessl:

The next important issue is equipment purchases. This is a list of capital not recommended for equipment purchases. We're looking at for 2006 we're not recommending over \$1 million worth of capital equipment purchases. This is the five year plan for equipment and building without the road and storm portion being included. For 2006 the recommendation was only a little over \$300,000, so we're looking at that \$1 million being pushed. If you look into the future these are the capital requests by the different departments for the next five years. We're looking at over \$12 million worth of capital purchases.

Fire and rescue having \$3 million in their five year plan, Fire Station 3 in the five year plan at \$1.3 million. IT has a five year plan of \$1.6 million. Parks with the park impact fee and the different parks being developed throughout the Village we're looking at a \$3 million park plan. Police has \$720,000 and that includes the replacement of squads every other year. Public works \$1.5 million. Roger Prange addition for equipment storage of \$1 million in 2009. We're looking at storm water equipment area here of \$181,000 for equipment for the storm water utility. And other departments grouped together we're looking at a little over \$300,000 of equipment purchases in the next five years.

So Mike and myself are recommending a levy of \$6,960,000. That includes an operating levy of a little over \$4 million, capital of \$271,130, debt service \$2,468,095, for the total of \$6,960,425 for the recommended levy. This levy that we're recommending will result in the mill rate staying at 3.54 per thousand of assessed value, meaning our current residents would not pay anymore in Village tax. That does not guarantee that they will not pay any more on the other taxing districts we have, Gateway, the Kenosha Unified School District, the County that also gives us their levy. They are a bigger chunk of our tax bill than we are. We're around 20 percent and they're the other 80 percent. So no Village tax increase for current property owners.

This is a chart showing our levy and the Village mill rate history for the last five years. The percent change on the far right hand side is the percent change in the levy. And the middle column there is the mill rate. We're looking at for 2003 and 2004 we had a mill rate set at \$4.07. We have a re-evaluation, values went up, so the current taxpayers didn't pay any more Village tax. We dropped the mill rate down to \$3.54. So for the last four years we're looking at--we kept the tax rate very similar for the current residents. The levy has been steadily increasing. You can see the smaller percentages in the more recent years.

This is a calendar that we're looking at. We're having our working meeting tonight. In order to meet the at the November 21st budget hearing I need to send to the *Kenosha News* the proposed budget to be published by this Wednesday at 5. On Sunday the budget will be published in the paper giving us the two weeks required notification in the paper for us to be able to hold the hearing on the 21st.

Tax bill printing and mailing are done by Kenosha County. They have given us a time frame of 15 full working days after we submit. The State statute requires us to mail the bills no later than the third Monday in December which is December 19th, so in order to meet that December 19th date we would have to have that information to Kenosha County by Wednesday, November 23rd.

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So it only gives us a couple additional days if we needed to push things off here. So that's our presentation. Any questions or recommendations, discussion?

Mike Serpe:

Mike and Kathy, again, very good job in putting the budget together. My question, Mike, would be to you. I would highly recommend that in some way, shape or form that we add that firemedic into this budget. I think we can probably finagle the funds here and there. But if we're going to say we can't do it because we're just taking that much of a chance on cutting things too close, then rather than throw the whole thing out I recommend we bring that person in maybe a little bit later in the year. But I think we have to start addressing the needs in public safety, and right now it's the fire service that needs that attention.

Mike Pollocoff:

To be honest with you, Chief Guilbert in his presentation, the shortfall was obvious. One doesn't get him where he needs to be. Then if you think back when we reviewed Brian's budget, we had that quite a while back, Brian is dropped down to 1.4 officers per thousand. I can guarantee you that I'll be coming back recommending a police officer in the following year because we're growing. We're adding that many more people to take care of the level of service we need. I think that Brian was conservative with his budget this year because we had all the nonsense going on with the Sheriff, but in next year's budget I think that's going to be a consideration. So my recommendation is if the Board wants to fund the firemedic that we fully fund it, only because then we have a bigger jump to make the following year. And if we need to make that jump for a police officer in year two that's what we need to do.

This fiscal environment is going to be particularly hard on public works and the administrative staff to the extent that the support staff here at the Village Hall, my recommendation as long as I'm here is we're going to fund public safety up first, fire and rescue, and everybody else we'll cut services in those other areas as we live with the frozen levy. But if we can't get a paramedic to a call or if we have a hard time getting an officer to the call, as warm and fuzzy as people get about tax freezes, they're not going to want to hear about it on a public safety call. That's the most important thing we do and we've got to make sure we fund that. I'm not saying it's going to be fire this year and police next year. I know that police is a need right now and next year we're going to have another 800 residents in the Village and those people are paying taxes, and those additional taxes are going to be able to fund that as that spread this year.

But I am hesitant to take it and spend that \$117,000 even though we've got tons of need. Since we're changing the way we're doing health insurance, I think it's prudent to keep half of that in the fund and take a look at how we do next year.

Steve Kumorkiewicz:

I have a question for Mike. The part that bothers me is the State and the . . . recommend 1.5 officers and we're going to be below that.

Mike Pollocoff:

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They recommend two.

Steve Kumorkiewicz:

And we're at 1.4. That's way below.

Mike Pollocoff:

That's the low but that's because you have a good department and they get a lot of work done.

Steve Kumorkiewicz:

Yes, they're doing the job . . . fire department and police department . . . but by the same token we don't want cut service. That's the question. We don't know what's going to happen next year. The tax freeze is good but in the long run it will be removed because they realize it's not going to work. Typical example. Where are we going to cut?

Alex Tiahnybok:

When we use the words tax freeze, this is clearly being applied to the mill rate of \$3.54. If you look at '04 versus '05 or '05 versus '06 budgets, there in fact is an increase of 2.02 percent, correct?

Mike Pollocoff:

The levy has gone up by that much. But it is a freeze because since there wasn't a reval this year no one's home value increased this year. The levy increased because we have more tax base because we've grown. So the levy has increased, unless what the Board would like to do is reduce the levy more so that we don't in essence collect that money from new development. That's what you'd have to do is keep the levy at \$6.8 million. You'd have to say we don't want to recognize that added growth that we're taxing. That's really what the difference between the \$6.8 is and the \$6.9. We've got that much more property to assess. So in every one of our homes, unless you guys got a new building permit on something, your homes are the same this coming year as they were last year, so you're not going to pay--your value is the same, your tax rate is the same, your taxes are going to be the same. The total Village is up because there's more property in the Village to assess. So you're right, the levy isn't frozen, but if you live here and you didn't change anything at your house, you're going to see the same tax bill.

John Steinbrink:

Comments or questions?

Alex Tiahnybok:

This needs to be turned into--the budget needs to be published Wednesday, correct?

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Mike Pollocoff:

Right.

Alex Tiahnybok:

And if we want to do some tweaking? There's a lot of stuff to go through here, what's the process? Send it to you?

Mike Pollocoff:

No, let's start. Let's do it now.

Alex Tiahnybok:

I'd like to figure out a way to do the firemedic thing.

Mike Serpe:

I think we can do the firemedic with what he's got proposed right now. We have the little bit of money there. I think in other areas as time goes on I notice—

Mike Pollocoff:

We're going to do a little tweaking anyway because we don't have the exact--I'm taking that the policy is if you accept my recommendations that you want a zero increase levy if the manufacturing rate when we get the final bubbles up or down we're going to adjust her up and down to hit the same mark.

John Steinbrink:

And the fire medic is the next one on the bubble, so if we can do it that's the one that's next on your recommendation.

Mike Pollocoff:

Right, because right now you have \$117,000 that's just sitting in health funds. So taking \$55,000 and change and move that into the fire department then the remainder would stay in health funds. That would be that tweak. The other tweaks, like I say, we're going to have to make some kind of adjustments when we get the final numbers from the State, but I think Rocco has a pretty good peg on where we are in the ballpark. Anything else, if there's something you want to fund up or fund down.

John Steinbrink:

We just saw, if you noticed today's paper, Aurora offered up a 4 percent increase in their charges

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across the board for everything. So that's one of those gambles. We have to keep that cushion in there.

Mike Pollocoff:

We had some inflationary pressure in the budget this year on utilities, fuel. We're no different than anybody else.

John Steinbrink:

We're probably impacted more than anybody else because we provide service. We have vehicles on the roads, whether police cars, fire trucks, ambulance, snowplows.

Mike Serpe:

Personally I think the budget looks fine. I really don't know where else you can even look. If you put a survey out there right now to the public saying which services would you like to say cut, I'm willing to say they would come back and say I like what I'm getting and I'm willing to pay for what I'm getting as well because it's not very much money when it comes to the Village's portion of the tax bill. We're offering an enormous amount of services for the amount of money they're paying. I don't know what else they can ask for.

Steve Kumorkiewicz:

I look at what's going on the State and it seems to me we've got more properties going up, we've got more income tax. We're paying more in our taxes to the State and they're the ones spending the money and we're getting less. So the more we send over there the less we're getting back. So they are spending more than they should. Three years ago 14 percent . . . I don't know how much this year . . .

John Steinbrink:

There will come a time when the taxpayers will recognize the fact that the tax freeze only benefits Madison because they're using our shared revenue, our proportions of it to cover their shortfalls for their unwise planning or the tax breaks for certain people and certain groups. And the taxpayers here are either being cheated out of service or asked to pay for that service in a different way in order to keep that service which is vital to them. There's going to be a certain time when the taxpayers are going to realize the game that's going on and want to restore the power back to local government to operate efficiently and to do the job we're paid to do. We provide service, whether it's emergency, plowing the roads, any of those things we provide

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service. And that comes at a cost, because nothing is free. As Mike stated we've had significant increase whether it's heating our buildings, buying our fuel, the same cost the taxpayer also has incurred.

Mike Pollocoff:

I heard an analogy and it's a great analogy. Municipal government in Wisconsin is like beer and pizza. If you went and got a six pack of beer and you went and got a pizza and you sat on your deck and looked around at your government, what would you identify as what's my government? What do I see out here? You see your Village street that's plowed by the Village and maintained by the Village. You see your recycling container and your garbage container that's picked up by the Village. You'd see a Village police car going by. You'd see the Village fire truck or the ambulance. You'd see the kids on the way to the park. You'd see water running down the gutter that the Village manages. But what would you see that the State provides to you when you're drinking your beer and eating your pizza?

Almost everything in your neighborhood that you rely on comes from your Village. What do you see that the County provides to you? I'm not saying they don't have their job, but I hear from every County Board candidate when they're running for office when they're going door to door, when I go door to door and I talk about issues all I hear about is Village issues. Yeah. But the next question is what does the County do out here? When you're drinking your beer and eating your pizza on your deck and you look out at what does your County do for you in your neighborhood they do very little. They keep the jail. They keep the prisoners away from you. They have social services for people who need that, but in your neighborhood and what you rely on everything is the Village.

What John said was right. When Madison had their problems about being over budget and spending money, they immediately got everybody looking over here at local governments and saying look at all the big spenders, so we got our taxes frozen and we'll do that. You talk to anybody and say do you want your taxes frozen and they say yeah, so we're doing it and we'll do it for a couple year. I don't know.

Steve Kumorkiewicz:

One last comment. Tommy Thompson put it pretty well about six or seven months ago. You look around at this meeting right here, who are the people who attend the local government meetings? People that are expecting the service, people who are expecting to see the money well spent. Now, look at Madison. Who in Madison provides the service . . . the one who benefits in Madison are the lobbyists. They are the ones who benefit. So when we are talking about local governments and tax freeze it is their . . . from Madison and what they're doing . . . and what we are doing here. Everybody in the room can see what we're doing. Anyone here in the room knows that Madison is doing or spending the money, Who is getting a tax exemption. We've got to pay the difference in that so they can look good. That's exactly what happens.

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John Steinbrink:

Any other questions on the budget?

Mike Serpe:

The budget is frugal, the budget is responsible, and I would move the authorize the finance director to publish it in the *Kenosha News*.

Steve Kumorkiewicz:

I'm going to second that with the provision that we look to fund the firemedic because the safety of the people come first.

John Steinbrink:

Jeff, you had a question?

Jeff Lauer:

Yes, I don't know whether a question or a comment. I like Mike's analogy about the pizza and the beer, although I don't drink beer. Budgets aren't the easiest things to go over obviously. I know in my household they're not easy, and especially being in the public sector trying to do it. There are a lot of problems I think we can all agree on especially in Madison. I have an old saying, Madison surrounded by reality, and it's true how many people actually do know like Steve said what they do there.

John Steinbrink:

Thirteen square miles surrounded by reality.

Jeff Lauer:

And obviously I'd like to review. The summary was very good. Kathy, I'd like to thank you for helping me on Friday. You helped me a lot with that other information. I know a lot of people talk about freeze and they bring up the freeze. \$3.54 could be a freeze. To me a freeze is my paycheck and I'm not getting a dime again. In a freeze some use it to their advantage and they use it as a negative connotation. But to me is a freeze is if you have a levy of one year you should match it the next year. That's a freeze because you're not getting a penny more or a penny less. Maybe some of the things we can look at, I don't know. I see the summaries here. I see the Village Board item went down 8 percent and the proposed budget is \$71,600. I don't know what's all in the Village Board. Maybe we can look at the stuff that's actually in there. Obviously we'd need more details than that. I know IT has gone up a lot but I think mostly that is the server. Obviously I know it's not easy.

Nobody here wants to put anything to referendum, but my opinion is if people want roads they

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vote on it. If you want it then they're the final say so. If they want to pay more let them say yes. If they don't they'll say no. Tomorrow we'll find out about the school. Do they want to pay more or don't they. So I know referendums aren't the greatest and I'm not saying I'm for them or against them, but you know what, if you really want the voice of the people that might have to be the route to go eventually on some of the issues we have here before us. Mike, just for clarification your motion was that just to publish this in the paper?

Mike Serpe:

Yes.

John Steinbrink:

I want to thank Mike and Kathy for the job they did on this. I also want to thank all the department heads and the Village employees. I think sometimes we take a lot for granted with them. One thing we've done is bounce the times around for our meetings. These are folks that are here at five o'clock, have to go home, have to come back and sit here sometimes until midnight, but they're here at the meetings when often we have one or two people, and oftentimes after nine o'clock those people are gone.

Since we've gone to the later meetings, and I'm glad John is here tonight for the *Kenosha News*, we've had no reporters here covering our meetings. I don't know if it conflicts with other meeting times or the shortage of reporters but we're glad somebody is here tonight. This is the budget and it's important to the citizens of this community. I think when we get through the budget cycle we should maybe take a look at our meeting times again. I'm one of the people that probably enjoys the later time because it works best for me. I can be here at five o'clock, I can be here at eight o'clock, but the majority of the people that are here, the 12 to 15 Village employees that go home, come back, have to rearrange their family schedules for meeting times that no other citizens show up for doesn't serve us in the best interest. We ask these people to be back here in the morning, bright eyed and busy tailed serving the public.

We took this job, we all ran for offices and the meeting time was five o'clock. That's what it was. If that was a conflict to your schedule then maybe people should have thought twice about it. But the folks that serve this Village and work here also need some consideration also. Whenever residents had a conflict with the late time or early time, we've tried to be accommodating to them. We rotated schedules and moved schedules around. So after we get through the budget process I want folks to give serious consideration to the times we have our meetings here because we're not serving anybody well.

SERPE MOVED TO AUTHORIZE THE FINANCE DIRECTOR TO PUBLISH THE 2006 BUDGET AS PRESENTED WHICH INCLUDES THE NEW PROGRAM TO ADD A FIREMEDIC; SECONDED BY KUMORKIEWICZ; MOTION CARRIED 5-0.

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4. ADJOURNMENT.

SERPE MOVED TO ADJOURN THE MEETING; SECONDED BY LAUER; MOTION CARRIED 5-0 AND MEETING ADJOURNED AT 9:20 P.M.

John Steinbrink:

I know Alex wanted to remind people to go out and vote tomorrow.

Alex Tiahnybok:

School referendum tomorrow.

John Steinbrink:

It's a big issue and an important issue and we want people to turn out.

Alex Tiahnybok:

It's going to help Pleasant Prairie. If there ever was a time it's now.