

**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
February 5, 2007
6:30 p.m.**

A Regular Meeting of the Pleasant Prairie Village Board was held on Monday, February 5, 2007. Meeting called to order at 6:30 p.m. Present were Village Board members John Steinbrink, Alexander Tiahnybok, Steve Kumorkiewicz, Jeff Lauer and Mike Serpe. Also present were Mike Pollocoff, Village Administrator and Jane Romanowski, Village Clerk.

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL**
4. **CITIZEN COMMENTS**

Bob Babcock:

Bob Babcock, 11336 Lakeshore Drive. I did have five numbers in my address, but as cold as it is today it probably shrunk down to only three numbers. What I want to talk about - we have an election coming up. In the last election we had K-O-P-S, KOPS. It scared a lot of our citizens. It's my personal feeling that any Board member that would have voted to disband our great police department wouldn't have made it home before the majority of the educated voters in Pleasant Prairie would have signed recall petitions.

This year we have save our RecPlex. The parents of disabled children were deliberately scared into believing that certain individuals were going to shut down the existing programs designed for the disabled. In my opinion the people that hatched that scare tactic of using our children, especially our disabled children, are sick. And those that backed such a tactic should take a good long close look in the mirror.

Apparently since that backfired it was time to bring up a version of KOPS which is on tonight's agenda. I strongly support the editorial that appeared in the *Kenosha News*. This is an unnecessary precedent setting and costly ordinance that would tie the hands of and haunt this Village forever and hopefully it is illegal. The good citizens of Pleasant Prairie are opposed to these political shenanigans. And since I try to be politically correct I used shenanigans instead of the four letter word I wanted to use.

It's time that all candidates run on their past accomplishments and/or their goals for the future. I'd like for the good citizens of Pleasant Prairie to band together and express and demand their desire for clean elections. I would suggest a group be formed and it could be named COPS, Citizens Opposed to Political Shenanigans. I wish I had \$12,000 of my own money to invest in a

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bunch of yard signs. I'd consider it to be a great investment for a good, clean and well run government. Thank you.

Dick Ginkowski:

I am going to be speaking on ordinance 07-04 the proposed ordinance. Would you like me to defer until the public hearing?

John Steinbrink:

There is no public hearing on it really. This would be the time to make your comments.

Dick Ginkowski:

Okay, thank you. Mr. Babcock certainly brought out a lot of misinterpretations and misimpressions about the proposed ordinance. I have to tell you how the ordinance came about and I'm responsible for the original proposal. This proposal before the Board tonight looks a bit different, some of which I do have some reservations about that do need to be corrected. But it actually got started when Gus Hauser made some comments to the Board meeting a couple months ago and he had some interesting points. I went to the ordinances and somehow or another we don't have a chapter; it was overlooked when the codification went through apparently pertaining to the police department. So we pulled together some generic language and submitted it because that's a professional ethical obligation as an attorney is to provide full blown legal services.

But it's also true that for the past year or so police services has become a political football, one that makes it difficult to recruit and retrain career officers when there's a possibility they might be out of a job down the road. So the idea came to mind that we said, well, you know, since this has become a political football let's take it off the table. Let's set some minimum standards for any future contracted police services to ensure the protection of the community, the taxpayers, and those who protect us.

Under the original proposal the community is protected by requiring that the contract provide for a minimum number of officers and we don't lose staff who must be based in the Village and that we keep the people who know this community. The taxpayers are protected in that the contract provider would be required to indemnify the Village for the cost of reinstating the police department should the contract not be renewed. It's only fair to watch out for the taxpayers, and some people have criticized that and have done so unfairly. I said, well, what if, for example, the Village walks away? That's a good question except for one little problem. The contract provider could trigger that by saying, oh, if you want to renew the contract it's going to cost you 50 percent or 75 percent more.

So if this is such a good deal and hopefully it would be if it's entered into, then at least there would be an incentive to ensure compliance. If this is a great deal everybody should want to stay in it and want it to succeed and that's the incentive. Just like, for example, when you're building

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a commercial building you enter into a contract. You have nonperformance clauses. This is tantamount to that.

Most important those who protect this community would be protected because this is the main reason for KOPS and the groups in that the contract provider would be required to retain our officers, the people who know this community. You don't want somebody coming in from Wheatland going into Rustoleum where they may not know some night where hazardous or dangerous chemicals or situations may exist because they don't know the community. They don't know what's there. So we want to retain the people who know the community without loss of seniority or present pay or requiring nonprobationary officers to complete another probationary period. That is critical and that's missing from the proposal here tonight. I have difficulty embracing this proposal without that language because that is the whole key to a lot of the rancor, a lot of the discussion that has been. At least we need to protect the community and to protect those who protect us. We want officers who are based in this community, who know the community regardless of the color of the uniform or the patch on the uniform.

I see that performance standards were added to the ordinance proposal from the original proposal. I'm not so sure they're necessary because if we were going to retain the same people they should be doing the same fine job that they're doing now. So let's take the politics out of it. That's the whole goal from day one. Take the politics out and provide a minimum level of service.

Now, as an attorney, questions come up and I see that the Village legal counsel has, in fact, rendered the same opinion that I would have, and that is that the referendum proposal to enter into a contract, if a contract is approved by the Board, some say that it is prima facie unlawful. That's wrong. The ordinance enjoys a presumption of legality and constitutionality as a matter of law. In fact I see in the newspaper Arlan Christiansen and Arlan was my municipal law professor more than 25 years ago up at UW-Madison. The difference is, and it's a critical one, semantics are very important in the law, it's a ratification.

The Board has to first approve it. I had suggested a two-thirds vote. The Board has to first approve it. Then the voters ratify it. It's not direct legislation like somebody comes in with a petition and says put this on the ballot. Huge difference. Change in semantics but it's a huge difference as a matter of law. Because, for example, there was just a referendum up in the Fox Valley, I believe in Oshkosh, on a smoke free workplace ordinance in the community that was voted by the Council and ratified by the people. So there is precedent for having ratification.

But the goal is to take this off the political table so that it doesn't come back and the way to do that is to protect the careers of the people who protect the community. The reason that's important is because you're going to get the best service from the people who know the community regardless of who signs the check. We want them in this community and they shouldn't have to worry about their jobs. And the community is protected because any one of the people on this police department who - and we've lost some people now and there are rumors that others are looking, they don't know about their futures. It's not like it's a fungible job that they can go somewhere else tomorrow and get another job. Often for a police officer it takes a year to a year and a half or more to go through the hiring process. So we protect the community by having people here who know this community and who are committed to it.

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I encourage the Board to make appropriate amendments to this ordinance to remove some of the incendiary language that I think has disturbed some people, but also to put back in it language that does ensure that our officers will be retained, that they will, in fact, not lose their pay for seniority, that they will continue to serve this community. You put that in there, you take it off the table of being a political football and then we can move on to other business that's important to this community. And I believe very strongly that without that proposal the ordinance does not serve the community in its present form without that language because that is the whole key. The whole key is to keep the people protecting us on the job regardless of who's signing the check and make sure this community has people who are committed to it in that capacity. Thank you.

Monica Yuhas:

Good evening. My name is Monica Yuhas and I reside at 11626 47th Avenue in Pleasant Prairie. I come before you tonight to express my sincere appreciation and thanks to the men and women who serve on our Pleasant Prairie Police Department. These fine men and women do an outstanding job providing top quality services to our Village residents as well as to anyone who is visiting our Village on any given day or time.

Our officers take a special interest in our community and this is very important. Several officers volunteer at local elementary schools in the Village and take time to read to students. This is a great way for our children to see the police officers as someone they can approach and talk to rather than being afraid to talk to them. Our officers also sponsor the Shop With A Cop firefighter program during the holiday season with the children in Pleasant Prairie. This is also another way our officers choose to get involved in the community that they serve.

They risk their lives every day. They protect us, they serve us, they deserve our respect. I encourage the Board to work together to resolve the police ordinance issue. Remember, citizens deserve to receive the best services possible for their tax dollars. Thank you.

John Steinbrink:

Anyone else wishing to speak under citizens' comments? Yes, sir? Once again, we need your name and address for the record.

Jeff Keen:

Jeff Keen, 7718 39th Avenue. I was just moved to give my encouragement to the Board for the article in the *Kenosha News* today regarding the property near the easement on 165 that is up for a subdivision by Sheldon, and I forget what his name was, Epstein. I encourage the Board to really consider that easement out there by The Nature Conservancy. That's something that can really be passed along as a legacy for Pleasant Prairie. That's really what I wanted to say. I look forward to the Board doing the right thing. Thank you.

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John Steinbrink:

Thank you. Anyone else wishing to speak?

Bob Babcock:

Bob Babcock, 11253 3rd Avenue. As far as the police ordinance goes why stop there? Why not get politics out of the entire Village, the fire department, garbage, public works. What's the difference? I think that everybody should feel like they have a job and they don't have to worry about who's signing the check. Why stop there?

John Steinbrink:

Anyone else wishing to speak? Hearing none I'll close citizens' comments. Item 5 is Village Board comments. I'm going to ask for a motion to move that down to the bottom of the agenda behind Item E. It's fairly cold in here and I think we want to get along with the agenda without much in there so if I could have a motion.

Jeff Lauer:

I'll make a motion for that.

Mike Serpe:

Second.

John Steinbrink:

Motion and a second. Those in favor?

Voices:

Aye.

John Steinbrink:

Opposed? So carries. We'll move Item 5 down and move onto Item 6.

6. ADMINISTRATOR'S REPORT

Mike Pollocoff:

I have nothing.

7. NEW BUSINESS

A. Consider Ordinance #07-04 - Ordinance to Create Chapter 260 of the Municipal Code pertaining to Police Services. (Second Reading)

John Steinbrink:

I think it's important to note that we had a first reading. We then asked for input and we've had some input and we are now at the second reading. It's at this point after input and whatever other motions are made, explanations, we can then move for approval of that ordinance.

Mike Pollocoff:

Mr. President, this ordinance in its second reading and in the first, what we attempted to do, and we were provided a draft ordinance by ADA Ginkowski to kind of warm us up to this or notify us of the issues. Myself and the Police Chief and Village Counsel, along with input from yourselves, took a look at what we wanted to accomplish with a police ordinance. In the initial instance what we wanted to accomplish was, really just as we do in other ordinances, describe the activity we do and the standards that we need to perform by. Almost all of our ordinances, whether it be a zoning ordinance, land division, public works, the ordinances are a level of performance, things that have to happen before things proceed, things that need to occur and at what level of activity it needs to happen.

In the definitions we identified the minimum staffing levels, investigative personnel, primary law enforcement services that the Village provides, what contracted law enforcement services means, what a contract provider means, defining the difference what a part 1 crime clearance rate is, average response time, official records and base within the Village, an unusual description that you won't find in other descriptions in the ordinance but describing what the ordinance is.

We describe the organization of the police department. In as much as we have the Chief of Police, full-time officers, any part-time officers that we may choose to hire from time to time. It identifies that the Chief and the officers are employees of the Village and are subject to the laws of the State of Wisconsin and Village ordinances, and it describes their appointment. It also describes that the Village can authorize non-sworn personnel to be in the police department. We have dispatchers; we have someone who sits with the court that are not sworn officers. Those are employees.

Next we describe the minimum staffing levels of the Village police department. And we indicate that that ration should be 1.5 full-time sworn officers per thousand population. The Wisconsin standard kind of hovers around two officers per thousand. We've been able for almost two decades to stay within that 1.5 officers per thousand and provide the services that we need. So we indicated that we could go higher if we wanted but we would need to stay at 1.5 officers per thousand to deliver the services that have traditionally existed in the Village.

We've also indicated that we need to set a minimum for the investigative personnel that exist within the department. This is a critical standard to the extent that there's push and pull. If you

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don't have enough investigative personnel your clearance rates are going to drop. You won't have the people that are able to follow up and do investigations, or you end up having the officers that would normally be on patrol doing investigative work so you lose your patrol activity. In turn, that drives against your emergency response time. If you don't have enough squads on the roads because they're doing other things then you've damaged your response time.

We've given the Chief latitude to enter into agreements with other agencies for the provision of special services in a way that doesn't limit the Chief's authority. We do that today with the City of Kenosha and Kenosha County. And we also indicate that the police department shall collaborate and cooperate with other law enforcement agencies in as much as it's practical to do so and doesn't conflict with any law or Village ordinance or the operations of the police department.

If you think back to the last couple years one of the issues is there is another police agency that's in the Village, and what this ordinance is saying is it's important that law enforcement efforts are coordinated, that they don't happen in a vacuum between the two agencies, that that collaboration should exist.

The basic duties for public peace and preservation of the laws of the Village are under duties. The Chief of Police shall obey written orders of the Village Board and myself. The police department shall within the exercise of their professional discretion arrest with or without process every person found in the Village engaged in any disturbance of peace or violating laws. That's the meat and potatoes of police work. It indicates that the Police Chief shall report to the Village Board and myself and the Police and Fire Commission because the Police and Fire Commission is that entity that oversees the personnel function for the police department, other activities as well as assisting with the budget.

Next we have contracting for future services. What this section does it essentially provides the framework for how services are contracted out. One of the citizens, Mr. Babcock, indicated why don't you do this with other departments in the Village? The police department is unique in the sense that there's a specific statute that directs that Kenosha County could assume the operation of the police department based upon a request from the Village of Pleasant Prairie. That kind of happened somewhat backwards but that did happen previously. There's no other department where we have any statutory language where we just give up the operations of a department or another entity could say we want to take over your department in order to do the business as we want to do.

What this Section 260-5 lays out is the process to ensure that when that process happens the framework or the path where all that goes is set. The first one would be the Village Board would adopt a resolution by a three-fourths majority directing the Administrator to prepare and issue a request for proposals. That could be to Kenosha County, the City or to provide potential contract services to the Village.

Then it spells out that any law enforcement agency responding to the Village's request for a proposal to contract to provide police services to the Village shall have achieved for a minimum of three years to the date of the submission of the response, and shall maintain during the

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consideration of the proposal and the life of the contract a crime clearance rate of 50 percent under Part 1 of the state records. In the event no statistics kept then you find out what the new one is.

The successful respondent to the RFP would provide contract police services and shall have achieved for a minimum of three years prior to the date of the submission of the response and shall maintain during the consideration of the proposal an average response time of less than four minutes to calls for services. And they need to submit the documentation that substantiates that.

Any successful respondent will provide for a minimum of 1.5 full-time officers per thousand as the Village has. The total number of officers provided by the contract provider would have a minimum of 12 percent of those officers being trained and experienced investigative personnel with no less than three years experience, the same as ours, as the rank of detective or above and they shall be based in the Village and dedicated exclusively to Village investigations. That doesn't mean that they can't leave when they've got to do the work but their base is here.

The officers assigned to the Village shall be under the direct supervision of the contract provider. The officers of the Chief of Police shall continue to be located within the limits of the Village. The Chief would not be assigned any duties by the contractor, but the Chief shall be responsible for the administration of the contract for police services on behalf of the Village. So this ordinance anticipates we'd take our chief law enforcement officer and that person would be the one who would administer the police contract for the Village.

The successful respondent for services would identify and nominate for consideration by the Village Police and Fire Commission the contract provider's personnel who will be assigned, based in and serve in the Village. The PFC shall have the right to review any and all personnel records including pre-employment physical and psychological reports held by the contract provider regarding the nominated officers.

All selected officers approved by the Village shall be assigned by the contractor provider to the Village and shall not be reassigned outside the corporate limits of the Village of Pleasant Prairie without the consent of the Village Board. If we're in a contract with someone to provide police services here it should be here. It should not be if they're in another area.

The selected officers shall serve during good behavior and may be suspended or removed for cause by the Pleasant Prairie Police and Fire Commission. If an officer is removed or a position is vacant the contractor is going to nominate somebody to replace him, and they may assign somebody from their agency that's working another place on a temporary basis but not to exceed 30 days.

The contract shall not take effect until the expiration of any collective bargaining agreement with the existing police officers in the Village of Pleasant Prairie. The Village has entered into with the police department in a collective bargaining agreement specifying the working conditions and their rights and responsibilities and the Village's rights and responsibilities and we need to honor that through the end of its time period. The contract should not be for a period of less than five years.

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If the contract is terminated or not renewed for any reason by either party, the contract provider shall indemnify the Village of Pleasant Prairie for any and all costs associated with reinstating a Village police department at the same staffing level that existed at the time the contract terminated including the cost of personal equipment. This item is meant to backstop the Village from if the contractor doesn't perform anymore or doesn't perform to levels we want, or the contractor decides to leave the Village would have significant expenses to re-establish a police department, and this ordinance anticipates that that should not be a risk that the Village should incur. It should be a risk of the contractor who is going to benefit from the contract.

Any proposed contract for police services shall not be enforceable unless approved by at least a three-fourths majority of the Village board. It shall not be implemented or enforceable against the Village unless approved by a majority of the electors at a binding referendum to be held at the next regularly scheduled November election in the Village. That's what it says. We picked the November election because that's typically the best turnout election.

The Village Board may require additional contract provisions but shall not modify the above conditions unless approved by the majority of the electors at a binding referendum to be held at the next regularly scheduled November election within the Village of Pleasant Prairie.

In your packet there's a memorandum from our Attorney, Kevin Long, from Quarles & Brady. He's reviewed this. Kevin, I've given the kind of nuts and bolts of it if you could give the legal overview for us.

Kevin Long:

Absolutely. I think it's important for the Board to consider this carefully and to consider the ramifications of it. The memorandum that we put together which includes an addendum of an article by Dan Olson from the Wisconsin League of Municipalities. It talks about this issue of a referendum particularly. The two issues that have come up that are most sort of on the top of folks' minds I'll talk about and then I'll take any other questions or concerns you may have.

With respect to the referendum requirement there's an argument that can be made that says that a Village Board should not delegate its powers to the electorate. That is it shouldn't say rather than us voting on whether or not an ordinance should be enacted we shouldn't say let's just have a referendum and not make a decision. However, courts have drawn a very important distinction. They have said it is entirely appropriate in certain instances for Village Boards to say we will enact an ordinance to say whatever it says and that ordinance shall be implemented only in the event certain conditions are met, and those conditions can be whatever the Village Board deems appropriate. Particularly, cases have held that it is appropriate for a Village Board to say we will implement a particular ordinance legislation only in the event that a referendum is held and that a majority of electors approve of or ratify that ordinance.

This issue has had some debate within the legal community certainly. It would be erroneous to say that is a settled area of the law. However, the Wisconsin Supreme Court recently in a 2003 case essentially indicated that this was okay. In a very recent decision which involved a direct

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legislation effort, an ordinance very much like the ordinance that is proposed here, the Wisconsin Supreme Court said it was within the powers of the Village Board to enact. It's important, however, to note that that decision was a four to three decision and it was a decision with a vigorous dissent, which is to say that there are people, judges, who look at this issue and look at it differently. However, the balance of the authority in our view now indicates that the ordinance as crafted would withstand scrutiny and certainly is enforceable. If it were challenged the challenge would not succeed.

There is another issue that was raised and particularly was raised in the article in the *Kenosha News* and that had to do whether this Board can tie the hands of other Boards. The intent of this proposed ordinance is not to tie the hands of other Boards. If another Board were to come around in say 10 years from now or 15 years from now, that they don't like the requirements anymore and would like to have different requirements, either more stringent or less stringent, nothing in this ordinance is intended in any way to prevent a future Board from saying that the requirements that this Board passed in 2007 ought not be amended. I think there may have been a misunderstanding with respect to I believe provision N, which is the last provision, that that in some way would tie the hands of the future Board. That wasn't its intent.

The intent of provision N was in the event that down the road the Village Board were negotiating with an entity for contracting services and they said, okay, we meet every requirement but one or two and we only miss them by a small amount, should we be able to move forward in that instance or should we say no, you can't meet these one and two and therefore you're out? Provision N says in that instance so long as you meet the referendum implementing requirement you may have a . . . vote there. So, ironically exhibit N is really meant to give a future Board more flexibility rather than less flexibility.

I know it's a complicated topic and I'm happy to respond to any questions or concerns that anyone may have.

John Steinbrink:

Questions for Kevin?

Mike Serpe:

Kevin, while you have the floor, Dick Ginkowski made reference to minimum pay and staffing. Do you have a comment on his suggestion?

Kevin Long:

I really don't. Those requirements were never in an ordinance that I looked at. I think that that would complicate matters certainly. I don't know that it would necessarily be a good idea or a bad idea. I think that's a political decision for the Board to make. I don't know that that is typically contained within these type ordinances but I haven't really addressed that issue from a point of view of enforceability or not, lack of enforceability of the ordinance.

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John Steinbrink:

Often they talk about intent. We've heard that several times - intent. With Act 40 there was a legislative intent and that was to allow a couple communities that really couldn't afford a department a way around the statutes so that they could contract out. I think what's good about our ordinance here is the fact that it goes into protecting the Village under all the aspects of it here where we kind of describe what we expect and procedures to go. When we first dealt with Act 40 here as a Board and we had an offer come from the Sheriff, unfortunately that's not the way it was described in Act 40. It's supposed to be the other way around. Also, there's 9-1-1 and how that's supposed to be handled and notification of changes that didn't happen. All this kind of added up to put the citizens of the Village at risk and definitely put the service they expected in jeopardy or compromised it to a point of degree there. So I think sometimes the intent kind of gets blurred out there. I guess that's where courts and lawyers like that. That creates work I guess, I'm not sure, where everybody looks at it.

I did read with interest in the paper Trustee Serpe wanted to make sure he didn't vote for anything or do anything illegal or against the law. Being a former police chief and a police officer I guess jail is the last place he wants to end. But I think our intent here is to make this as legal as possible.

Mike and I we went through and tried to make some changes here and I'll pass these out to the Board. Some of the questions out there that did arise. Dick had some very good points and input to it. He has the kind of background that affords us a lot of information we can get and got the ball rolling here. We looked at some of the things with the three-quarters and two-thirds and other things. So if there are no other questions for Kevin at this time, Mike if you could go through these changes we looked at in the ordinance here for the second reading.

Mike Pollocoff:

I got some proposed amendments from President Steinbrink. Page 2, 260-3, paragraph 6. Following the Wisconsin Department of Administration, insert unless such staffing would cause a significant fiscal hardship on the Village. This is a release in as much as that if the Village was facing some kind of financial trauma that the staffing levels could be modified but it's really not for the purpose of let's lower the tax rate. It would be if we were not able to meet our expenses at all.

Also on that same paragraph, 1.5 full-time officers per thousand residents accept by a vote of a certain majority and delete three-fourths of the Village Board. And, again, followup for the same, because staffing at that level would cause a significant fiscal hardship on the Village.

Paragraph D, the same sentence is inserted, 12 percent of such officers shall be investigative as defined in Section 260-2(B) of this chapter, inserting unless such staffing would cause a significant fiscal hardship for the Village.

Next change, amendment proposed by the President, on the next page paragraph D. At the bottom and I'll just read from the middle. Such officers shall be based in the Village and shall

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perform their duties exclusively within the Village except when leaving the Village when necessary to carry out those duties or to fulfill a request for mutual aid. This contract requirement shall not apply in the event that the Village police department is not meeting this threshold, and this is also for 1.5 officers per thousand. But, in that case, the proposed contract shall provide at least equivalent staffing to that provided by the Village police department.

Paragraph E pertaining to 12 percent of the personnel for investigative services, the same sentence at the end, the contract requirement shall not apply in the event that the Village police department is not meeting this threshold, but in that case the proposed contract shall provide for at least equivalent staffing to that provided by the Village police department.

On the next page on M at the bottom of the page, any proposed contract for police services shall not be enforceable unless approved by, delete a three-fourths majority and insert "a" majority of the Village Board and shall not be implemented.

John Steinbrink:

Kevin any comments on those?

Kevin Long:

No, I believe those obviously the majority changes are reflective of the fact that a policy decision based on the Trustees as to whether or not a three-fourths requirement or a majority requirement ought to be appropriate there. I believe that's a political decision for the Trustees to make. I don't believe that there are implications either way. With respect to the provisions that talk about fiscal hardships, I think that's a wise insertion. However, the phrase significant fiscal hardship is one that's open to interpretation certainly. While we could spend lots and lots of time trying to figure out exactly what is meant by significant fiscal hardship in the future if that's looked at, people will be wondering, well, is the situation we're in now what's considered a significant fiscal hardship and to the extent that the Trustees, your intent, is necessary with respect to that phrase now with the comments that Mr. Pollocoff made I think are indicative of certainly his views on that, and the Board might do well to indicate what is meant by significant fiscal hardship.

I would note that the provisions made within the contractual requirements are meant to marry up that concept with any contract such that if, for instance, a 1.5 sworn members per thousand threshold was not being met by the present police department or a future police department, it would not make sense to impose that criteria on a future contract provider. You'd want sufficiently the same level of service. That is all. I think to raise the issue of making sure we're not tying the hands of future Boards I believe the record and the minutes particularly given the manner in which the minutes are taken for the Village of Pleasant Prairie I believe that is sufficiently indicated here. You could insert a provision to ensure that no one could mischaracterize the ordinance as somehow tying the hands of future Boards.

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John Steinbrink:

I guess my intent here is to outline the services, set the standards for the services, provide flexibility, to protect and serve the citizens of the community, and at the same time give them a voice in that protection and what they expect from their police department and the protection they receive. I felt the document provides all that and allows that. But I guess I'll open it up at this point for other discussion.

Mike Serpe:

From the first ordinance to what you just presented tonight the only complaint I really had with the first ordinance was the super majority. And now if you're recommending that that be removed I'm much more comfortable with a simple majority. It's pretty much the same as everything we're doing here.

With reference to the referendum police services to the citizens is a major, major service that everybody relies upon. And if you're going to enter into any contract agreement with anybody different than what you already have I think the people should have a say in that because it impacts them so greatly. So I definitely agree with the referendum portion. I do like the simple majority. I think that softens this a little bit. I kind of have to agree with the *Kenosha News* in that portion where it says it appears to tie the hands of future Boards. This pretty much doesn't do that.

Mike Pollocoff:

I guess also in light with Kevin's comments it might be helpful for a discussion of the legislative intent to address the financial hardship as to what your understandings of that is for the record and the minutes.

John Steinbrink:

That's a good point. That needs to be addressed.

Mike Pollocoff:

If you want and you don't have to, but I think that will be something that what does that mean. When we had the last proposal someone who supported the Sheriff could say that was a financial hardship for the Village and it should have been taken. That's a broad brush as far as the language. I think it's specific, but it's really what the Board members think, their interpretation of that or what their intent is. Or, if you want to amend that language with something else.

John Steinbrink:

Comments or questions?

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Alex Tiahnybok:

I appreciate the changes. I was not able to see the logic behind the tying of future Boards perspective. That was something I couldn't support so I appreciate the changes. We had plenty of discussions about sharing information. Once again here we are at 7:05 or 7:10 when this was delivered to us. I've been criticized for not sharing information in advance of meetings and here we go again. Unfortunately, again I appreciate the changes that have been made, but I can only interpret that as an acknowledgment of this draft of being recognized as having stepped in it really badly and that the backlash is going to be pretty severe. Anyway, the job has been done.

The concept, of course, the language has been softened dramatically by the insertion of the significant fiscal hardship on the Village. That's the first thing I wrote down after this was being read. I think Attorney Long recognizes that that's just opened this thing up to all sorts of interpretation. If the laws or ordinance is so wide open to interpretation what does it really mean then? So I think that needs some serious definition. Because if you're using that as a potential out in the future for anyone, whether it's from the Village's perspective or from a contractor's perspective or whatever, I think that needs to be defined much better.

One of the points that Mr. Ginkowski made which when I saw this handed out I thought for sure this was going to be addressed, Mr. Babcock brought up the multiple rounds of this issue being used for political purposes, and one of the resounding comments that I heard over and over and over again last year was we need to protect the very individuals, not the positions, but those employees, the people that wear the Pleasant Prairie badges today. One of the goals was to protect their future, and the concept of having any amount of instability in their future employment was a huge factor behind the efforts of organizations last year. I am frankly kind of surprised that that issue hasn't been addressed. I spoke to Mr. Ginkowski and he told me that that was a cornerstone of what he thought the motivation for a police ordinance would be, and to have that missing still is kind of amazing to me.

A comment was made about respect. Of course, I've been painted as being not respectful but I've been a law and order guy all my life. The worse thing I've ever done is driving way too quickly through Sheboygan County once and that's it. I've been very pro law enforcement. I still remain that way. I've told everyone that's wanted to hear the true story that the entire debate a year and a half ago should have come down to a financial decision, not who does it or how it's done. We never got to that point, but I think the result would have been probably an insignificant amount, something in the range of \$100 per parcel for a year. That would have been maybe the difference, maybe, and we don't know what that was going to be.

With that said I would have never supported any change. The Village is growing. I believe organizations should get more efficient over time so the cost of providing service to any individual increment, meaning an additional household, should be less than the last one. To make the change I think would have been foolish. If it will help somebody recognize the lack of desire to make a change, if somebody wants me to make a proclamation that I wouldn't consider this further if I'm elected in April I'm prepared to make that statement. But these sort of political efforts have clouded I think the intent of what this could be.

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Police officers deserve respect. I think there was an insinuation that the police department doesn't get the level of respect it deserves. They certainly get it from me. I have great admiration for Brian Wagner and I don't think any officer I've ever talked to would say anything otherwise. But I don't think that means the garbage men shouldn't get respect. I don't think that means a fitness instructor at the RecPlex shouldn't get respect. I don't think somebody that drives a snowplow shouldn't get respect. Just as well as the Municipal Judge of Pleasant Prairie shouldn't get respect. No one should be disrespected. Everyone should be honored for the work they do.

Again, I appreciate the changes. I could not have supported this before, but with the notion that a majority difference isn't required between now and the future I think the way this was written originally was a huge insult to the future Boards, to the elected members of the Board, to the community that elects them to say we know better now today than somebody else in the future is going to know. I thought that was hugely insulting and was a sign of I think the mind set that needed to change.

So, anyway, on the quick chance to review this I'm much more comfortable with this. Again, I don't see why this had to be delivered after the meeting got started. This could have been done earlier. I think for everyone's benefit it would be a good idea if we had a chance to review this further and vote on it maybe at the next Board meeting but majority rules.

Mike Serpe:

Alex, I appreciate your support for this but just a reminder at the last Board meeting when the first reading came forward this ordinance was in your packet and you made the motion to approve and you were reminded there is no vote on it tonight because it's the first reading. So to be that critical of the authors of this on your part that's not very acceptable. You were quick and ready to move approval of it at the last Board meeting and now you're criticizing because others have jumped on this to point out some flaws. Okay, we may have all recognized those flaws but I don't think the criticism is necessary to come forward to this thing on its original draft. I don't think that's warranted.

Steve Kumorkiewicz:

I felt pretty good about the first contract, but I realize one of the points that I couldn't have supported was the super majority. I realize that was not in line. After reading the report from Kevin Long a lot of these issues were clarified to me and I think it's a pretty good idea together with the legal comment from the League of Municipalities concerning the Mount Horeb decision back in 2005 and very much that's comparable to this. . . .

Mike Pollocoff:

I have a point of order. The first reading on this was indicated where we brought it up for the sole purpose of getting it out there for comment. Of course, this is the second reading and it could be adopted tonight. President Steinbrink gave me proposed amendments. The amendments were presented at the floor. I think rather than reading those out he asked me to have them printed and

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copied. Since they were voluminous to say that they were something other than more than amendments is inaccurate and that's really how amendments should be presented for consideration.

When you vote on this tonight you need to vote on the amendments first and you've got something to read when you consider those amendments so you could vote those up or down and then act on the ordinance as amended or if the Trustees have any other amendments. So from an order standpoint that's how the amendments should be presented. It's not an attempt to hide anything from anybody. Other than that when you see a long process where somebody is giving dictation on amendments as you go and I think it just seems to be more convenient to read it from a sheet of paper so everybody is looking at the same thing. That is an amendment. That's not a revised ordinance. Those are proposed amendments that you can act on individually in that document or you can act on all of them as presented. So that would have to be a motion on those amendments if you want to consider them and then vote on the ordinance.

Mike Serpe:

Just a comment on the police department itself. I know I think it's important that we adopt this ordinance as soon as possible. The Assistant Chief or Captain Tim Becker left our employment this last year, and I believe one of the reasons he left is because he didn't know what the future of this job was going to be. I do know of one other officer on that department has interviewed with another department, an officer of many years employment with this Village. I think the same feeling is going through all of the officers on that department. They don't know what their future is going to bring.

I don't believe for one minute Dave Beth came here uninvited. I think there was talk with one or two people on this Board. Dave was a nice guy, said no, nobody talked to him. I accepted that. I knew he was going to answer that. I don't necessarily believe it. Why didn't he pick on Twin Lakes, smaller department? Why didn't he pick on Silver Lake, smaller department? Why did he come to Pleasant Prairie? Because he felt he had an in. When you compare apples and apples, police services in Pleasant Prairie compared to what the Kenosha Sheriff offered, and the Kenosha Sheriff Department is a fine department, but they're also one of the highest department costs per capita in the State of Wisconsin. Pleasant Prairie conversely is one of the lowest per capita departments of any Village in the State of Wisconsin.

So if you're going to replace 28 cops with 28 deputies, it's not going to equate. If you're going to replace all the police officers with the proper supervision that was needed none was offered in Dave Beth's proposal. No detectives were offered in Dave Beth's proposal. I have to support the Pleasant Prairie cops. They are doing a job and they're working under an enormous amount of stress in their job because of what's happening with the political atmosphere of this Village and it's got to be put to rest. I will do what is legally possible to keep those guys and those girls on the job in this Village.

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Alex Tiahnybok:

And, Mike, would you like to propose an amendment to require it to be if a contract was to happen to hire those same individuals because that's what you're talking about. It's the people that are employed today. You said Tim Becker you believe left the department because of the political environment. You said another officer today is interviewing because of the political environment. You're talking about individuals. So if you believe that let's add an amendment to protect those people. Not the staffing amounts but let's protect the people as Mr. Ginkowski recommended. I think he's made it very clear that was a key element in his recommendation that somehow or other it just kind of vanished. Then you're really doing something.

Mike Serpe:

I asked Kevin that question and what is your opinion on putting that amendment in this contract or in this ordinance?

Kevin Long:

First of all with respect to the politics of the matter it's not something that I would opine on. I haven't seen specific language that's been proposed. The proposal that's been verbally recommended now I think I guess I don't fully understand it. Is it to say that the present police officers would need to stay on the force? I believe that would be potentially problematic in a number of respects because you're talking about things happening well into the future and I don't know that—I hadn't considered it from the point of view of the legality or enforceability of it or the workability of it in that respect.

Mike Serpe:

In answer, my initial thought on the ordinance as it reads with the softening, for lack of a better term, and with the referendum I'm thoroughly convinced that if we adopt this as is our police officers are pretty much assured that they're going to continue to work just where they're at. Because I don't believe for one minute that the citizens of this Village regardless of the Board makeup are going to allow their cops to take a ride. It's not going to happen. And I think if it were even attempted there would be chaos that we couldn't control in this Village.

Alex Tiahnybok:

Well, the way I read it the ordinance requires performance standards, staffing levels, which right now the math works out to be the current 28. It doesn't require those individuals that are currently employed to be picked up in any way, and I think that's what Mr. Ginkowski recommended. That's the cornerstone. I mean that was the entire argument, job stability, being able to count on the future so the Tim Becker's and the current officers don't go interviewing for other jobs. This doesn't protect that at all. It doesn't cover that issue at all. It creates obstacles to advancing that whole notion of contracting which I think is, frankly, dumb in the first place. But our State Legislature allowed for it. I don't know why. We're not doing anything that the organization from last year was so adamant about. So what are we accomplishing?

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Mike Serpe:

Could I ask a question here. Because it's fresh, I did see Dick's proposal, do you think, Mike, it would be worth having Kevin research this and bringing it back?

Mike Pollocoff:

There's no problem with that. I guess one of the things in drafting this is that the current Collective Bargaining Agreement with the police department doesn't provide for contracting. The language in here will not allow the Board to consider contracting while the department is operating under their collective bargaining agreement. My goal was not to make this a collective bargaining agreement, but the standards which in our last go around with the Sheriff were clearly unattainable by him and I think given the nature of their department are not going to meet ours; the fact that we're not going to enter into an agreement with a contracting agency while we have an active collective bargaining agreement in place, and that collective bargaining agreement we've signed on that we're not going to contract out the services of this community to someone else. That's there and that's there every time.

There's a part of me when I looked at it because the stuff that's been going on with this notion of contracting police services has put a lot of stress on people who take care of us who are under a lot of stress anyway. I think at the end of the day if you're going to honor the work they do you recognize the level of accomplishment that they achieve and the work they do and not have it be open to some future Board saying this is merely a contract provision to protect the union or protect the officers. I think you protect their work—these aren't low standards that were set. There's not very many police departments around that are going to meet these standards. It recognizes the quality of work they do and they have to maintain that quality.

Now, whether you know it or not, this Board every year or so or two years depending on the growth of this community, two years ago you funded another officer because we needed to stay at 1.5. We needed to be able to keep our response rates down. I mean we've done that in the tightest of budgets where we've added staff. And we added staff in the fire department this year as tight as this budget is.

We can have Kevin look at it but it's already hooked into the collective bargaining agreement, and that collective bargaining agreement has that provision that we can't contract it out. I would be hard pressed to see the union giving that up, and given the fact that there's an entity that's looking to pick up, if they want to contract in here really bad and given the level of service they provide I wouldn't be anxious to negotiate that away. So that connection is there. But if you want to have Kevin research inserting it again in this ordinance that's fine. But I think it's covered. As I said, we haven't structured any ordinance for any other department that guarantees that it's not going to be contracted out. But no other department has a Sheriff that's anxious to use or Act 40.

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Alex Tiahnybok:

A statement was just made that the current contract with the union prohibits any sort of activity in this regard for the five year period that we're in, correct?

Mike Pollocoff:

No.

Alex Tiahnybok:

It doesn't?

Mike Pollocoff:

It's a three year contract and we're in the second year of that contract and we'll be starting at some point to renegotiate that. We go in three year increments.

Alex Tiahnybok:

Okay. So the proposed changes that I'm suggesting only enhance the situation for the current employees or am I wrong? I think I'm trying to forward this idea even more. And if we're in the second year even of a current contract nothing is going to happen overnight. So the urgency I guess I wonder what that's about. Again, I'm trying to give this the teeth that—let's face it. Mr. Ginkowski offered us a proposal for the payday loan stores. We followed that pretty much verbatim I think. And I asked Mr. Ginkowski if there was any written communication and he said, yeah, he made a proposal. This is the second item in terms of importance. If he wants to comment, and I'm certainly going to open this up to him again if he wants to, but I thought that was a critical element in this. And to leave it out, again, to me just kind of defeats the whole idea of the security feature that we were very concerned about last year. I'm okay with it. I'd just like to make it better.

Mike Serpe:

One question. I guess a procedural question.

John Steinbrink:

I presented amendments on the floor here.

Mike Serpe:

What's that?

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John Steinbrink:

I'd like to have a motion to accept these amendments as presented or changes to them whichever you want to do. We've asked for review from the attorney and the attorney said they seem to be fine. He didn't have any problem with them. We have amendments on the floor. Could I have a motion?

Steve Kumorkiewicz:

I make a motion to adopt the amendments.

Mike Serpe:

I'll second.

John Steinbrink:

Motion and a second. Further discussion?

Steve Kumorkiewicz:

I think the issue that Alex brought up here has some point, but we have to remember that our police department are under a union contract that is going to be part of any negotiation in the future if we ever come to this situation to contract the service out.

KUMORKIEWICZ MOVED TO ADOPT THE AMENDMENTS PROPOSED BY PRESIDENT STEINBRIN TO ORDINANCE #07-04; SECONDED BY SERPE; MOTION CARRIED 5-0.

John Steinbrink:

Motion carries on the amendments. Other motions or amendments before the Board? If not, Ordinance #07-04.

Steve Kumorkiewicz:

Make a motion to adopt.

Mike Serpe:

Second.

John Steinbrink:

Motion and a second. Discussion? Alex?

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Alex Tiahnybok:

I would like to propose an amendment to insert the language similar to what Mr. Ginkowski recommended, and that is all Village officers employed at the time of the contract becomes effective shall be retained without loss of seniority, reduction in pay, with no nonprobationary officers required to undergo a probationary period, that the contract period no existing officer shall be assigned to work outside the Village without his or her consent and consent of the Village. That's my motion to amend.

Steve Kumorkiewicz:

That's something the union

Mike Serpe:

What I was going to ask–

Jane Romanowski:

We need a second.

Mike Serpe:

I'll second it for purposes of discussion here. If we were to approve this ordinance tonight with the amendments and Alex's amendment, could that be reviewed and brought back at the next Board meeting for enactment to be part of the ordinance to pass or fail, be a part of the ordinance?

Mike Pollocoff:

I guess I'd like the opportunity for our attorney to review the ordinance amendment proposed by Trustee Tiahnybok rather than adopting it and going back.

Mike Serpe:

So you want to put the whole ordinance on hold for two more weeks?

Mike Pollocoff:

My recommendation is that the amendment be referred to counsel for review, and if the makers of the motion want to withdraw that motion to adopt and have Trustee Tiahnybok—and then after that if Trustee Tiahnybok wants to recommend that the motion be referred to counsel that would be my recommendation as far as the steps.

Mike Serpe:

And then the vote on the entire ordinance would then take place in two week?

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Mike Pollocoff:

It would be brought up again in two weeks.

Mike Serpe:

The whole ordinance?

Mike Pollocoff:

Right, along with the—

Alex Tiahnybok:

Including my amendment?

Mike Pollocoff:

Well, your amendment would be separate. The amendment under Robert's would have to be acted on before it could be folded into the ordinance.

Mike Serpe:

I'll withdraw my second.

Jane Romanowski:

Steve, you'll withdraw your first?

Steve Kumorkiewicz:

Yes, we have to withdraw everything for two weeks.

Mike Serpe:

I'll withdraw my second on Alex's proposal.

Mike Pollocoff:

So Trustee Tiahnybok we have to make a request to have his ordinance amendment reviewed by counsel or if he wants to forward it to the Board for a vote tonight you could do that, too. I guess it's whatever he's recommending.

Alex Tiahnybok:

I'd like to get some feedback from the attorney. Do you have a reaction to this now?

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Kevin Long:

My reaction is that it appears to be a reasonable proposal. Whether it has implications that might go beyond what is apparent to everyone right now is possible, particularly when you're dealing with things that touch on collective bargaining and other issues. It's always I think important to move cautiously. I certainly would not tell you that I can tell you off the top of my head that absolutely this proposed amendment has no potential pitfalls or that it has lots of potential pitfalls. I think that given the fact that it does have significant ramifications moving slowly may make sense.

John Steinbrink:

So you would suggest further review.

Kevin Long:

Further review, yes. Further review would be appropriate. Another way to handle it is to pass the matter as presently indicated and come back for an amendment. An ordinance could always be amended at a later date to add a

John Steinbrink:

Okay, then we come back.

Steve Kumorkiewicz:

I think we have to get some done tonight. It can be amended.

John Steinbrink:

So we have amendments that have been approved and we have an ordinance before us.

Mike Serpe:

Approving the ordinance does not stop us from coming back with an amendment as Alex has proposed.

Alex Tiahnybok:

I'm not withdrawing my recommended amendment but if it's not seconded I guess it dies.

**SERPE MOVED TO ADOPT ORDINANCE #07-04 - ORDINANCE TO CREATE
CHAPTER 260 OF THE MUNICIPAL CODE PERTAINING TO POLICE SERVICES;
SECONDED BY KUMORKIEWICZ; MOTION CARRIED 5-0.**

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B. Consider Resolution #07-02 to approve the 2007 Recreation Enterprise Budget.

Mike Pollocoff:

Mr. President, we have Kathy Goessl, Finance Director, and Cathi Klaver, the Recreation Director who are going to present the recreation enterprise budget.

Cathi Klaver:

Good evening, gentlemen, Mr. President and the Board. I'm Cathi Klaver, Director of Recreation for the Village. I'm here to present the 2007 recreation enterprise fund budget along with Kathy Goessl. We also have a guest speaker here tonight. His name is Ray Gordon and he's a consultant that has been working with us on a new program. So towards the middle of the presentation I will be asking Mr. Gordon to step forward and speak on our behalf as it relates to a new program that we have. He hails to us from Florida. I asked him to bring us some warm temperatures. Unfortunately he wasn't successful at that but I know it is cold in here and we'll try to get through this presentation as quickly as possible.

John Steinbrink:

If you remember, Cathi, the first time we went through this at the Rec Commission it was probably colder in here, correct?

Cathi Klaver:

I wasn't sure about this. I'm feeling a little colder. This was last Monday so this is two Monday nights in a row. Anyway, I think it's important to share with everyone we are the recreation division for the Village. However, we run a very unique operation in that recreation services for the Village are structured as an enterprise operation. I felt it really important to review the advantages of doing this and running the recreation services as an enterprise.

So just to review a little bit for everybody, since October of 2000, the recreation department has operated the Lakeview RecPlex, the leading provider of family recreation and leisure services programs in the area. The recreation department in RecPlex operates as an enterprise fund receiving no support from the general government. Because of this facility, citizens of Pleasant Prairie receive an impressive level of recreation amenities, programs and services. This innovative business model is unique to municipal recreation agencies across the country, but the benefits to our community are vast.

A recreation enterprise operation allows for unlimited scope of services and programs, it allows for creativity and freedom to develop a wide variety of revenue streams. The taxpayers do not assume any initial capital cost and carry limited financial risk, and the quality of life in the community is substantially improved without any cost to the taxpayer.

The benefits to the residents are truly vast and wide. They are the beneficiaries of this innovative model of delivering municipal recreation services in other communities across the country and in

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this State municipal services are part of the general government fund. In Pleasant Prairie that isn't the case. The budgets for other departments throughout the State, the recreation services, are within the general government budgets or within the taxpaying funded budgets, but this is not the case at RecPlex. In the City of Milwaukee or the City of Appleton they share and fight for tax funding just like other services such as public works or police and fire. But in Pleasant Prairie we do not compete for that level of general government funding.

The operation pays the Village for all municipal support services utilized through a well defined charge back system which means that RecPlex pays its own way in every respect. So we are essentially a user of all of the municipal support that we utilize throughout the Village. The charge back system is very well defined. Any aspect of utilization from administration, IT, HR, finance, police, fire, public works is clearly defined through a charge back system. Any use of these departments are accounted for a billed for through all of our operational expenses. As Kathy reviews the slides that explain our expenses, you will see that all the operational expenses and utilization of Village services are paid for. Therefore, the benefits to the residents are that they are assured that their tax dollars are not impacted by RecPlex in this department.

The advantages of an enterprise operation also has far reaching implications beyond the Village residents. We have an immense local and regional impact. I think it's important to note the scope of the operation. In terms of RecPlex and Lake Andrea Beach and Prairie Springs Park in that we've hosted it's estimated around 1.5 million visitors in 2006.

As a membership based facility, we are proud to serve 4,600 households as well as over 13,000 individual pass card holders. And, as everyone knows, we serve not only the Village residents but our operation reaches far into Kenosha County as well as northern Illinois. A variety of fitness and recreation and leisure programs are offered to the RecPlex community, and in 2006 an estimated 70,000 program and special events participants have utilized and visited our facility. So not only does the facility serve members, but we have a wide variety of programs and special events that utilize the facilities throughout the year.

The Village of Pleasant Prairie has created an extraordinary community resource for its citizens, again, at no cost to the taxpayer. RecPlex delivers over 400 affordable recreation fitness programs year 'round, and the operation provides for economic impact to the tourism community by hosting events that bring in outside visitors to the area. Again, we serve beyond our borders but the people that really benefit are the residents of Pleasant Prairie.

I think it's important to add as we look at some of the financial numbers and the scope of this operation these user statistics are what back up the revenues that we generate annually, the first being our youth sports programs. We served this year a little over 3,400 youth sports participants. Our adult fitness classes realized over 8,000 participants. Our school age childcare participants that enjoy RecPlex and Prairie Springs Park year 'round were over 1,000 this year. Our aquatic programs exceeded 2,900 youth and adult participants. In our ice arena and our instructions programs at the ice arena we served over 1,200. And our therapeutic recreation program served 40 moderately to severely disabled youth and adults.

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Our school age groups, which also includes Boys and Girl Scouts that take field trips, exceeded over 4,000 participants this year. Our club teen's facility utilization which is through rentals such as hockey programs and volleyball rentals from club teens exceeded over 450 individual players. We hosted not only along with our scheduled special events but nine local and regional weekend tournaments facility wide. We had over 8,500 youth and teens that participated in our Friday night teen activity which was an impressive increase from last year's participation of about 1,100. That was really a partial year for that program but it did see extreme growth in '06.

We have over 11,000 children and adults that celebrated birthday parties and special occasions at RecPlex, and our public skating participation recorded over 9,000 attendees. And, finally, we had over 18,000 day pass users that enjoyed the facility in 2006.

Next I'd like to present some of our new program initiatives for '07. So outlined in this budget and the detail of this budget packet that was a fairly large book, but I've tried to condense it into some smaller slides so you didn't have to listen to the entire dissertation of this book, we'll focus on where our new programs are going to be utilizing the facilities and our resources, our time and energy for revenue growth, predominantly where we feel development opportunities exist.

The list here summarizes what you see in your budget packet and we'll review a little bit later. Some of the key areas include membership recruitment and retention programs, our regional summer figure skating academy which will be explained later. We have additional skating and hockey tournament and competitions and clinics which utilize our ice arena to the fullest in its off season. We have additional facility rentals that we'll be focusing on, additional sports specific training programs, expanded services in our personal and group training program. We're going to be expanding our youth baseball program. Our concessions and merchandise is also an area of expansion, as well as our school age childcare services, pre-school summer day camp after school as well as therapeutic care.

Along with this revenue growth, of course, we will be focusing on expenses and they will be maintained at conservative levels consistent with the resources needed to support the revenue growth. Through the budget process we are asked to recommend new programs. Each division is asked to bring forward new programs, and as an administrative team, myself, Kathy, Mike and the assistant director go through and we make recommendations as to what of those programs are recommended at the administrative level and what new programs are not recommended. So the next few slides will be outlining which programs are recommended and which are not recommended.

The first program I will be sharing an overview on that, and I will also be asking Ray Gordon to step forward, not quite yet, Ray, but in just a moment to help support and explain how it is that we decided to focus on some expansion in our membership area. As you know that is our core competency is membership and it's a huge portion of our revenue source. We've been extremely successful in this area up until this point, and we know that we have the capacity to grow our membership and to really focus on that. We do need to kind of tighten up our business strategies a little bit.

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As you look at this slide, you'll see that we have five columns, one of which is the division, the name of the program as well as the columns to the right which connate the revenue potential, the cost of a program and the new revenue for the program that we'll be realizing is actually built into the budget. So with that, the first program is, again, our membership program. It has a potential income of a little over \$200,000, but there is a cost to the new program. That cost and those costs will be explained, the first one being for our membership area it has to do with new positions that we are creating and the net revenue of close to \$145,000. I'll give a brief description of the program, and then I am going to ask Ray to step up because he actually works with us as a staff to develop this program and look at our business model, how we sell memberships as well as how we service our members to make sure that we are actually looking long term to retain our members and not just recruit new members.

With that, I need to add that this program later on you will see a capital expense that is going to be tied into this new program. We currently operate all of our membership tours and sales from our guest services desk which is the original floor plan if you will of the facility that was built in 2000. We are finding that it's harder and harder to provide good quality service when people walk up to that desk, and that if we're going to really change up and increase our member services that we needed to look at a different area to be able to provide a comprehensive tour and understanding of what it means to become a member and what the benefits are.

So one of the recommendations from the staff, and it was endorsed by Ray, was that we look at redesigning the lobby of the RecPlex to utilize what we consider to be a passive activity space which we call the porch. It's the old kids' court area. We're actually looking to remodel that and renovate that and turn that into a new member services area. So along with this initiative you'll see that we're not only creating a new team of membership advisors, people that will be servicing our new members as well as working towards retention, but they will be operating at a new space which is going to be able to provide greater service to our members.

So just as an overview, kind of the nuts and bolts of the program, at this time I'm going to ask Ray to step forward and share his experience as he analyzed our operation and brought forward the bulk of these recommendations.

Ray Gordon:

Hi everybody, and yes it is a little warmer in Ft. Meyers, Florida. My name is Ray Gordon and I'm from there. I first want to say for everyone who has been involved in building that facility it's a tremendous job. I have been to over 1,000 facilities. I didn't have gray hair when I started doing this. I've been to over 1,000 facilities in Europe and the top five percent and I'm serious on that. It's a very good job in what you have here, both as a facility and an operation. So very good.

I was hired by Cathi and Kathy to look at potential and look at where the market was and where you're going with it. I made a couple recommendations based on business approach, four categories here. The first one is 93 percent of the population believes that exercise would improve their lifestyle, yet less than 20 percent exercise a minimum of two times per week. Any

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regular exerciser in this area is probably coming over here because this is like Taj Mahal. It's a beautiful place.

What we have left to do is to make sure that when we get the community people that are the non exercisers coming in for health reasons, we're not a diet center, we're not a health club. You have a whole variety of things here for people to do so that when they come in they can stay and use the club. The second part of that is 70 percent, when you go to these chains of health clubs it's much higher, but 70 percent of new exercisers fail on their program within the first 90 days. And it's felt that probably 50 percent of that fails within their first 30 days because it's something new and it's harder to get them come in. That's bad for your community if you're not getting them to stay. They do not renew and they do not go tell other non exercisers that, wow, it works and this is different and go try it. So there's no referral going on so you end up spending more money on advertising which is working very well for you.

But what's left out there I believe is the non exerciser. The non exerciser needs to have a little more encouragement to get them to come in the door. Once they're in the door there's a whole staff of people that are going to take care of them but it's hard to get that habit. Everybody has got the good intentions, and the perfect time to talk about it now is after the new year's resolutions. It's tough to do. I think part of what we're trying to do with a membership advisory area is to get people to exercise not for weight loss although that's part of it, but exercise for health reasons. If you can do that part I think you're bringing more to your community.

The third part of this was your corporate park that's out here. It's a very big and growing area. I think the great facility in working with the businesses is going to be a big future. There are three things in front of the government as we speak. There's the WHIP program. It's the Workforce Health Improvement Program which they're going to give pre tax dollars and discounts for people who engage into a healthy lifestyle because of the money saved in Medicare and other costs. In fact, Wisconsin had something in February where they were giving a proposed 100 percent of any dues paid off of your taxes. I don't know where that went. I didn't follow up on that but I know it was out there.

There's the health programs, the Healthy Lifestyle and Prevention, which is the health system in prevention and wellness which is what your facility has especially for younger people. I come in here and I see them all playing out there in basketball, and it's a definite statistic on the more avid or more exercise that they get as a youngster the more apt they are to be healthier at a later age. It's a different world out there now. Some of us who are a little older we grew up having more physical things to do than the children do right now so it's a great part in there.

The fourth part is you have the facility to move the people to a variety of exercise which I think is a very good thing that you have that, say, health clubs or whatever can't provide. When people come in they start getting comfortable and they start using it and they make it through that first part. Then you can move them over into more things such as basketball or classes or swimming, more things that they can enjoy. So you have a lot going on there. The main thing, again, is what you're doing for the children.

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The reason I recommend and I suggest this is you have great instructors, you've got great staff for every person that walks in the door. But I'm talking you should have this membership services and advisors that gets to meet these non exercisers a little more on the one-on-one. It's not about the selling. It's about building a rapport, getting information that can be used to encourage them to make it through that first 30 days, 45 days, 90 days, become a little more regular in their exercise. Their job duties are explaining the health value of exercise, placing them in an appropriate program. Coming into this as nice as it is it's still intimidating to a non exerciser to go into a class where they think everybody is fit.

So we've got to make sure we put them in the right place so they can succeed. If they're going to support this facility then they're going to have to have good experiences here. There have been a number of people, a big number of you who have joined that are not here right now, and I assume a lot of those are back not using it and then they're not going to be supportive of the whole concept. They're responsible to increased new member usage through motivational contacts, through phone, through e-mails, educational studies to provide motivation, because it's pretty hard to lose weight, but it's fairly easy to start getting health benefits. It starts right off the bat. You can get more benefits from a health point of view in 30 days not even comparable to what the weight loss of the normal person is. So getting these people through that difficult part.

If you do that and these people get a change in their lifestyle I don't think you can shut them up. They're going to tell their friends and other people that have a wall up against starting it. I don't think there's anybody out there who hasn't tried some sort of an exercise. It could have been Suzanne Somers Thigh Master. It could be a lot of things but they still failed at it or we wouldn't have such a big group of non exercisers.

The RecPlex is not a diet center and not a health center. It's a community project to encourage a healthier lifestyle, and it should be known for its success of getting people to change their lifestyle. I don't believe from what I've seen and met with the entire staff they could do a much better job inside as far as giving the programs, making them work, good staff, everybody helping. But you need to have a little more of a one-on-one, almost like if you're a new member having someone here that's going to encourage you, knows what's happened in your past, knows when you're about to fail and helps you come in. It's never going to get 100 percent unless you're going to send a limo out to pick them up every time but it works. And it works to the tune of about a 15 to 20 percent overall end. The reason you can go with that number is because when you talk about the increase you have a certain percent more that are staying and then they are referring people that are coming in, not out of the advertisement. The advertisements just aren't working the way they used to because people are already educated. You've got to have an IQ about this room temperature not to know you shouldn't exercise. We know we should but it's tough to do.

So I'm saying I think if you take the program you have and you put in a department, and we were talking about three people that their job is just to make sure that the people are using it correctly in getting them in. I'll stop at that. If there's any questions I'm here for that.

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John Steinbrink:

Comments or questions? Mike?

Mike Serpe:

A couple things, Ray. I like what you're saying. That sounds good. Have you observed or witnessed any other facilities using incentives to present members to bring in new members?

Ray Gordin:

Yes, and I recommended that with this instead as part of your advertising budget to go over that. It's more of I know you went out of your way to tell your friend about this and here's a little thank you.

Mike Serpe:

I was thinking of points towards one of our programs that would reduce the amount of money that they'd have to pay. I don't know.

Ray Gordin:

It can be that. It can be points toward your program. Most people don't refer their friends for money. They really refer their friends because they believe in it, but they do want a pat on the back so they will do it again.

Mike Serpe:

One other question. The facilities you've been in contact with there's slow periods during the time of the day at probably every facility you've been to.

Ray Gordin:

Every facility.

Mike Serpe:

Any suggestions on how to fill those slow periods?

Ray Gordin:

That goes along with having that staff that can be dedicated to this. For example, one out of every five people on Medicare has diabetes and 34 percent of all Medicare is some sort of diabetes related. So maybe somebody could be assigned to start working with that group. We know the arthritis group. We know different groups where we can do it where there's one person inside that works with them on membership.

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Mike Serpe:

Is it beneficial or advantageous to the facility to recruit the senior citizens for that slow period? They're the ones that seem to have the time during the day. At night obviously we're jammed. There's that slow period during the day that I feel there's a segment of people out there that if you pushed a little bit you may get them to come over.

Ray Gordin:

The tough part is that 2 to 3:30 in the afternoon and I haven't been that successful with the senior population because they like to get their stuff done in the morning and then it's nap time. So we've had a rough time in the afternoon, but we've done very well getting them in at 10:00 or something like that.

John Steinbrink:

Other questions?

Mike Pollocoff:

Ray, I wasn't able to meet with you when you were meeting with the staff, but if you could give me and the Board an indication of in the other facilities you've looked at how many other municipal or public entities are operating on an enterprise level?

Ray Gordin:

Of the ones that I knew about and I worked at I don't know of any. I know of some just across the border a town that had one. They built a very nice place, they put in very little dues, but being as they didn't get the service about a year and a half later everybody went back to other clubs and stuff and paid a lot more because there's still a lot of value on the inside. The vast majority of my background has been in private. I don't have any chains, I don't work for chains but more private, but of the rec centers that I've worked with you're the only one that I've worked with that is not going back for tax dollars. That's why I say very good job.

Cathi Klaver:

Thank you, Ray. Continuing on with the new programs, the next five programs come from our ice arena, the first being and the most substantial is to utilize the ice arena in the off season. As you know our prime time ice utilization is going very strong, very well, but as a young arena we continue to look for ways to schedule during the off season which is any time from May through August.

Ken and his staff as well as myself and Lyn we've put together a summer program that actually showcases the facility as a regional training facility. We look to recruit from beyond actually the Pleasant Prairie and Kenosha area into Illinois as well as all of Wisconsin, and that's what this

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new program entails. We'll be bringing in some higher level skaters. It's called the Grass Roots. We've got some really great names that will help to recruit from probably up to 100 miles for this training program. It's a 12 week program. The skaters can pick various different weeks that they can utilize, it's really a camp for 12 weeks. And that will realize an income potential of about \$80,000. The expense of this program is around \$11,000 or almost \$12,000 for a net revenue of about \$67,000. Again, the details are inside your budget packet.

We have some competition scheduled, additional hockey tournaments scheduled, some programming that is geared towards the youth population, our Rockin' Tots program. That's a revenue program as well, as well as a walk in learn to skate. Those are all new programs from the ice arena.

Next we have a new program being submitted from our fitness area which is the development of expanded spa services which entails enhancing our current massage therapy area, as well as the mezzanine area to include some additional day spa type services such as facials and manicures and things like that. There are some expenses to that predominantly for staff and supplies, but that would be a net revenue increase of a little over \$5,000.

The next program is actually an expense. It's being recommended or submitted from the ice arena. We believe that we need to remain competitive to retain good quality instructors that we probably should increase that hourly wage by approximately \$2 per hour so that is actually a staff wage increase. The next listed on here is from our facilities area and it is actually for landscaping in and around the building. It's listed from facilities but it's actually a charge back from our parks department because it becomes more and more time intensive to take care of the flower beds in and around the facility, so we'll be paying for additional labor to maintain the grounds.

The next program listed here is a member retention program. We actually have this currently in existence. You see this is actually an expense to the operation but it feeds into our ability to maintain membership and maintain retention. This is called our Small Step Big Changes program. Again, it is a 12 week program that we take new members through to be able to evaluate their current fitness needs, get them oriented into the fitness facility, give them one-on-one attention on four different occasions by a fitness trainer. But, again, looking kind of at our business strategy of retention, not necessarily recruitment, but being able to keep and maintain members that we are able to obtain that it gives them greater success in the long run if we're able to give them an orientation and step them into additional programs that we have and acclimation into the facility.

The final program listed here from our sports department is additional hours that are needed as we expand our youth softball and soccer program. It's additional field prep work, and I do believe also that's from our parks department in terms of labor because as we expand all of these programs it becomes more intensive, labor intensive, to prep the fields and maintain the fields.

So this is the total of all of our new programs. As you can see the income potential is over \$300,000 with the cost of all these programs collectively being about \$125,000 for a total new net revenue of \$197,000 approximately.

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The new programs that were not recommended that were submitted are from our administrative area. As you can see, we had a request from our employee relations committee for a budget of \$1,500. Right now we do some small fundraisers on our own to kind of offset some of the internal staff functions that we like to do. Unfortunately, at this time we are not recommending that that have its own kind of dedicated budget. We'll continue on our own to do some small fundraisers that offset some of our staff gatherings such as recognizing birthdays, pot lucks, things like that for special occasions.

The second thing listed here is out of our aquatics division is not being recommended which is a reclassification of a lifeguard trainer to a lifeguard supervisor. The next is from our marketing department also not being recommended is a part-time paid graphics intern. I think both of those speak to maybe looking at tightening up our efficiencies in those areas and not necessarily adding staff or adding wages towards that.

And the final new program that's not being recommended is from our facilities area. It was a maintenance technician position. This is a concept that we created this year. It would be actually a shared program Village wide. Because we have one of the largest facility intensive divisions obviously, and we have buildings that are maintenance intensive we look to possibly some day, not this year, but hire a maintenance technician that has greater capabilities than we do but also with the potential of outsourcing this position to other Village departments and possibly saving on any maintenance agreements that other Village divisions have for such as their HVAC systems and maintenance agreements at the Prange or Village Hall.

Mike Pollocoff:

Could they make this room warmer?

Cathi Klaver:

Yes, the heating here in the building. But unfortunately at this time we are not recommending this. We'd like to give it another year to kind of evaluate and analyze the cost savings that could potentially be realized with this program. So at this time I think that concludes the new programs that are not recommended. And if there are any questions please stop me.

Moving ahead, throughout our budget process we are also asked to submit program reductions from each area. Again, as an administrative team, Mike, myself and Kathy go through and say which ones are we recommending and which ones are we not recommending, so the next slides are separated to that end. For program reductions that we are recommending that the enterprise take the first two come from our facilities area. The first being the reclassification of one full-time maintenance to a custodian. This is a position where we feel like we have three full-time maintenance. We'd like to reclassify one because we feel like the one position really is not being utilized fully as a maintenance function but more as a custodial position, so we believe that there is some salary savings that could be realized if we did do that reclassification.

The second one listed here is to replace one full-time custodian with part-time staff. This is utilizing a current vacancy that we have and taking the opportunity to find out if utilizing part-

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time resources in this area would be efficient to the facility. So we're recommending that we go ahead and make that transition at this point in time. And the third program reduction that we're recommending is out of our marketing department and it has to do with our primary marketing piece which is somewhat costly to print as well as to distribute. This would be a savings predominantly from postage. It would be an internal program to ask our members now that we do have online registration or an online website that has online registration capabilities, but at the same time you can view our program guide online as well. So we can do some savings in our posted . . . and not be able to actually have to mail that to peoples' households but if they're willing to just pick it up and so that would be an internal campaign where we could save in that regard. So that's program reductions that would total about \$45,000.

The program reductions that were submitted that are not being recommended include our donations and incentives out of our administrative area. This is a program that we spend about \$10,000 a year facilitating requests throughout the community for donations, everything from memberships to day passes and it does equate to about a \$10,000 expense to the facility.

Jeff Lauer:

I just had a question, Cathi. The prior screen where you had a reclassification of one full-time maintenance position, when you put them onto the program, the \$6,329, is that salary or is that something different?

Cathi Klaver:

I'm sorry, is this the slide you're referring to?

Jeff Lauer:

Yes, the first one, the reclassification of one full-time maintenance. Does this person know of this or agreed to it?

Cathi Klaver:

It's currently pending budget approval. It will be implemented, yes, and it's based on performance.

Jeff Lauer:

That's quite a hit in pay.

Cathi Klaver:

Again, we work through our HR department and we do evaluate our employees on a fair performance evaluation process.

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Jeff Lauer:

Okay, the only other thought I had was towards the beginning the administration \$1,5000 using for staff recognition. I think, whatever the other Board members think, I think that's kind of a good thing to have. I know a lot of employers do that. Like at our place we have plaques on the wall identifying this and that so that might be a nice thing. I mean \$1,500-

Cathi Klaver:

And I appreciate that comment. We do have an employee relations committee that is active. We currently, again, have small fundraisers that are able to generate some dollars so we can purchase things like recognition for birthday cards and things like that. So we're able to kind of function and it is a good efficient process in the program we do have going. Would we like a budget? Sure, but we're also willing to keep at it and hope that at some point in time we can justify it.

Jeff Lauer:

Okay. I just wanted to make sure we're not going to lose anything to reward them or whatever.

Cathi Klaver:

I think we're fairly creative. Sometimes recognition doesn't always have to equate to something monetary. So we do take those type of initiatives without necessarily expending any money.

Jeff Lauer:

Okay, just so I understand it and then I'm done. I know you can't talk personnel matters, but the reclassification, obviously, I'm concerned with because that's like my boss coming in tomorrow and saying, guess what, your pay is going down that much. But it's based on more or less conformance and things of that nature?

Cathi Klaver:

Right, yup. The second item that is not being recommended that we take as a program reduction comes from our and was submitted through our outdoor recreation area which happens to be the beach lifeguards. We have in the past had this up there. We run a beach operation right now where we fully staff Lake Andrea Beach. It is not recommended that we discontinue that operation. From our therapeutic recreation program we have part-time wage reduction which would actually alter our ratios in this area which, again, we're not really recommending that we do. We run a four to one ratio in that division, and this is a reduction being recommended from our therapeutic or recreation area. But, again, we don't really feel that going to a five to one is really going to add to the quality of the program that we run nor would it improve our services at all. As a matter of fact, it would probably put people at risk and really diminish the quality of the program.

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Steve Kumorkiewicz:

I like the second item, outdoor recreation, Lake Andrea Beach reduction. There . . . to remove the lifeguards I'm never going to support that. That came up in the budget meeting. We saw what happened in Kenosha. In Kenosha I don't believe they have lifeguards in the beaches, do they? No. So we're looking at . . . all the uses right there. So we spend some money but I think we are responsible for what we're doing.

Cathi Klaver:

As we put the budget together we're asked that if we were to give up something in our departments, and some departments don't have anything else to offer up but staff, and so if reductions have to get taken these are—and, again, these are not recommended budget cuts. We don't like to even see them down on paper but each department is obligated to offer up something.

Steve Kumorkiewicz:

Thank you.

Cathi Klaver:

Then finally from our kids' court and our little tykes area that \$89,000 has to do with staffing our kids' court area and little tykes within RecPlex. Again, that's an area where it's a valuable service. It is probably one of the primary reasons several families join RecPlex. So we are not recommending that we move forward with this budget cut either. Any more questions?

The final couple slides for me have to do with capital requests. Again, we go through a process of requests from each division. We review the request, we put together our list of recommended capital expenditures that we'd like to move forward with for this year as well as a list of not recommended expenses. From our capital purchases area you'll see three columns here, the division making the recommendation or the request, the name of the program as well as the amount of the program.

The first comes from our administrative area it being a comprehensive master plan or strategic plan that we would like to endeavor. Our parks department has recently undergone that. We would like to also follow through with completing a comprehensive plan for our recreation division. It is necessary for us to pursue this as well as we move forward with our goal to submit an application for the gold metal awards through the national parks and recreation. Our division needs that, so that's a \$15,000 expense that we would like to move forward with.

The second comes from our concessions area. It's an opportunity to increase our concessions revenue by utilizing or by moving forward with the purchase of a pizza oven. That's on big demand now, pizza is up on the rise. It's giving hot dogs a run for its money. But we believe we can sell some more pizzas and pizza by the slice if we're able to kind of generate and cook more pizzas faster so it would be a capital expense that we'd have to invest in that \$2,600 purchase.

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The next three items come from our facilities area, the first one being a compressor inspection or a rebuild. This is out of the ice arena. We currently run with three compressors in that area and we are on a three year rebuild or replacement of those compressors every year. We do need to budget for the rebuild of one. You will see this as a capital item going forward every year from now. And this way we can stay ahead of any major maintenance. It's recommended by the manufacturers of these compressors to undertake this type of a major maintenance every year and, again, we'll be on a three year plan with each compressor, so this will be something you'll see every year from now and we have the first one starting in '07.

The second is the sound system. That has to do with our Lakeview studio. The Lakeview studio has increased in its rental revenue capabilities. One of the major requests is that we have a sound system and AV. When the expansion was build we didn't include a sound system in that room. We didn't necessarily foresee that or maybe it was value engineered out, I'm not sure, but there's more and more demand. And right now what we have to do to facilitate those requests is we have to request of our IT division that we take mobile unit and our mobile sound system every weekend if not two or three times a month to accommodate for those requests. So we feel like adding a permanent sound system into the Lakeview studio would not only save in labor costs that impact other departments that have to kind of load in and set up the sound system, but it will also increase the attractiveness of that room for potential rentals as we move forward doing more special occasions and meetings and things like that. So we are recommending that we move forward with that.

The final thing from our facilities are is actually a replacement burner for the boilers. This is in the original RecPlex facility. We operate with three boilers and the burners within those boilers need to be replaced. The life of those, as Tom explains it to me, run anywhere from seven to ten years. We're going on seven years with the original building and these original systems, so the facilities area is recommending that we allocate a minimum of \$5,000 to be able to replace at least one burner, have the capital funds available. This is fairly mission critical. This is burners that heat all the hot water in the facility, everything from the pool to the locker rooms and things like that so, again, another critical facility need there.

The next four items listed as well as the ones on the next slide come from our fitness area. As you know we have a beautiful fitness area that has state of the art equipment, everything from bikes to the rower, ellipticals, strength training equipment. I don't have the exact total because it does roll on the next slide as well. But, again, at the top from our fitness area we have several pieces of equipment all the way down through our treadmills. It's important that we stay on a very tight replacement schedule with the fitness equipment upstairs. These are not just fancy pieces of equipment that we would like to see up there. This is an ability to maintain all of the fitness equipment that we have as it wears out, and utilization becomes greater and greater as the membership grows. But everybody knows that everybody wants good, sound fitness equipment.

Mike Serpe:

Question for you, Cathi. The replacement fitness equipment is the trade in value taken into consideration in that figure?

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Cathi Klaver:

Yes, it is. So I think we can all agree that having a well maintained fitness center that has equipment that is always up and running, no signs that say out of order, it's really not acceptable to our operation. So that's why all the fitness equipment is necessary for this year.

The next item on the list of our capital purchases that are recommended is the item that I spoke of before from our guest services area. We are calling this project our guest services redesign. It's stage one of our redesigning of our lobby. This is actually converting the existing porch area into our member services area. Any questions about that at all? I don't know if I need to go into that any further. This is actually the renovation of that area and that will be our new business office, and it will also allow for all the business activity from membership sales and a great deal of program registration activity will move into that area. But I think the benefits to the facility are also going to be that as we continue to increase our activity the front desk, our initial desk services desk right now, has a hard time maintaining secure view of who enters and who exists the facility because they're busy processing business activity. As we move all the business activity into the member services area, it's also going to just enhance our operations from a security and a safety standpoint.

The final two capital requests come from our youth division, the first being a day camp pickup and drop off area which is retrofitting, so to speak, our field house east entrances. Right now we operate a very large day camp program as you all know. The drop off and pickup right now follows through the original entrance of the RecPlex. We are recommending that we shift that activity to the east side of the facility, number one to be able to add for greater security and control as we transfer children and take the responsibility of care from parents, that we're not mixing that with all the other activity that goes on up at the guest services area. So if we move all that activity over to the east side of the facility and enhance some security system. This also includes some additional work to the street to allow for some designated drop off and pickup area. Let me see what else that entails. I'm going off of memory here.

Mike Pollocoff:

That equipment for the counselor so when somebody drops off their child there they're going to have a card swipe so when they come to drop off the child we know that child is associated with that person. The counselors are all going to have like a PDA so when someone picks up it's swiped again so we know from the picture of the person picking up the kid that's the person who should be picking him up.

Cathi Klaver:

So it's electronic security system.

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Mike Pollocoff:

So what you'll be seeing, Terwall Terrace, in that span between the entrance to RecPlex and basically the maintenance access will come to two lanes. And there will be a bull nose on either side to shield the cars that are going to pull in and park there. I think there's like 15 or 20 parking spaces for people to park there, drop their kids off at that side door, go into the field house there, and they will be separated at pickup and drop off from the regular comings and goings of RecPlex members. Right now it intermingles that parking traffic where people just want to use the facility versus the people wanting to drop their kids off and get them in and out. So that whole package with the physical improvements and the information system enhancement is going to help us monitor kids where they are and make sure that the person who is getting the kids is the person who they say they are and we'll know to keep a kid that's trying to be picked up by somebody who is not who they say they are.

Alex Tiahnybok:

Having two kids myself the security feature of having some kind of tagged hand off or something like that I think is a great idea. Has it been an issue? Have we had close calls? Or, has the record been pretty good overall?

Mike Pollocoff:

We haven't had anybody that has tried to get—typically our problem with the kids is people that have marital problems and there's stuff going on. But the work we've done with Chief Wagner and Heather Mogensen, for people that are looking to take a kid it's an ideal environment. So we want to get a step ahead of it and not have an issue. But we haven't had a close call from somebody snatching a kid or trying to snatch a kid. It's really been two spouses that are feuding about who's got custody. But you don't have to imagine too hard to go to the next step. So I think this is a good program the staff has put together to isolate them from everything else and be able to monitor it better.

John Steinbrink:

Fortunately or unfortunately because of the success there and a large number of people, I think providing this separate access and getting away from that main one is a real good idea. I think using this preventative in the first place is better than having to react in the second place. You guys are always ahead of the curve and this is one of the good ones.

Cathi Klaver:

We have a lot of congestion in front of the facility, too. There's just too many people parking and trying to drop off. That's another reason and safety.

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John Steinbrink:

Just so in the parking area there's enough room that they don't have to back out onto Terwall Terrace, where they can back up and pull out forward. Right now where you come up into the maintenance area of kind of-

Mike Pollocoff:

No, we're looking at bringing them in perpendicularly so they're going to have to back out.

John Steinbrink:

So they're still going to have to back out. Then maybe some precautionary signage there to warn.

Mike Pollocoff:

Into Terwall Terrace. We're going to slow that section down but it's going to be like a main street in a city. You have the two lanes and then have that one part-

John Steinbrink:

You have a lot of folks on Terwall Terrace headed to games or to work out and I think a lot of things are on their minds other than maybe paying attention to backing out in traffic there. That's not been an obvious thing before and now it will be something new.

Mike Pollocoff:

We are going to through signage and we'll be putting those bull nose concrete islands out to slow that traffic down and shield the cars that are parking.

Cathi Klaver:

The final item listed is also from our youth area. It's a playground for our Pre-School U and our kids' court area. It's a \$5,000 request. It's part of a two phase project as mandated by our pre-school license. We need to provide an outdoor playground area for all of the kids. And we currently have a fenced in area off of our kids' court. We are looking to in phase one lay down an outdoor playground surface that can be utilized within that area for our Pre-School U as well as our kids' court area for phase one. For phase two we'd like to recommend that will be brought forward for next year that will actually be the equipment for that playground. But we wanted to see if we could at least get the first request through for the surface, possibly obtain some less expensive equipment that could be used and just kind of taken out there and removed on a daily basis. But yet next year the actual additional expense for the playground unit will be submitted.

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Mike Pollocoff:

There are some grant programs that we're going to be eligible for basically from the therapeutic rec program to be able to secure the playground equipment. So our phase two may be just a share of that. But what Cathi is talking about is a rubberized-

Cathi Klaver:

Soft cushion. I appreciate that. I'm sorry I overlooked that. We are going to be looking to secure some grant funding, like Mike said, to be able to pay for the actual structure. We weren't able to secure that funding for this year but we will be looking this year to do that.

Steve Kumorkiewicz:

One question. The area that you're talking about is adjacent to the Lakeview studio, correct?

Cathi Klaver:

Right.

Steve Kumorkiewicz:

And that also has access to the pass way to the RecPlex?

Mike Pollocoff:

No. There's a door there. There's direct access from the kids' court to this.

Steve Kumorkiewicz:

Yes, but what I'm talking about is there's no access also the IcePlex?

Mike Pollocoff:

No, you have to come outside. There's a door alongside but we've secured that site so the only way you can get in there is from kids' court so the people from kids' court can get in and out. And we have gates in there. No one can get in from the outside.

Steve Kumorkiewicz:

Okay.

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Cathi Klaver:

So capital purchases that were not recommended, and I can certainly go through this list. I don't want to make this run any longer than necessary. Mike, would you like me to go through each and every one?

Mike Pollocoff:

Some of the things that are on this list that you'll probably be seeing in some phase next year are going to be improving the directional signage at Prairie Springs Park because right now it really doesn't say where RecPlex and IcePlex is. We do want to secure more security cameras in the parking lot. The curtains that you see in the field house need repair. That will probably be next year. And that second phase of guest services would also be a project for next year. You can see the playground for preschool next year we think that's next year with the grant so we just excluded it as a non recommended program this year. So I don't feel too bad about any of those things not being in here.

We are doing some additional security, and when we say security up there we're looking at video, so we are doing some in this budget already. This is some additional we'll probably pick up next year. Your next year's budget in the capital improvement plan for five years, as Cathi indicated, you have fitness equipment every year. We're going to have some parking lot covering that's going to be happening in a couple years. As the facility gets older the building is going to be needing paint. All that stuff is being loaded into the capital program for the coming years. We'd like to fund everything but these are things that we can wait on. The pool deck is the only one in the whole thing I feel I'm not really happy about. But that's a big chunk. I'm not sure that I'm sold on the fix and neither is Tom as to what it's going to take to take that existing pool deck and put a new sealant on it or take the grout that's on there now out, because if you've seen it it's cracking. Next year that's going to have to be in there. And, frankly, if we find some extra money this year between now and the shut down I might be coming back and saying let's just include that if we do find some sources. That's probably the main thing in the non recommended portion of the budget that I think we need to get at.

Cathi Klaver:

Next, I'm going to hand the presentation off to Kathy Goessl who will review the financial slides.

Kathy Goessl:

This slide shows an overview of how I am going to go over the financial information. This is similar to last year where there's three different sections of the operating statement. There's operating, non operating and major cash flow items. Operating is the expenses that the division managers have control over. All division managers receive a monthly report. The most recent monthly report was included in your blue binders that we gave you in the front cover. That's the monthly report for 2006, the preliminaries.

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Non operating are revenue expenses that are not affected by day-to-day operations. These are expenses and incomes that are like debt payments and stuff that were set up a couple years ago. Also, in the third section is major cash flow items. Our goal for the recreational enterprise fund is to have a positive cash flow to bring in more dollars than the enterprise pays out. Future plans would be to increase the enterprise's cash reserves for future replacement of capital equipment and save for future uncertainty.

So I'm going to go through these three sections. I'm going to first of all start out with a financial overview to show you where we've been and where we're planning to go so you know up front the summary of the financials. And then we'll go into each of the ones and give more detail. This is in your executive overview in the blue binder in the front section. The things that were highlighted are the important things I'd like to talk about up front here.

The first section, operating, again I'm breaking them into the three sections, operating, non operating and cash flow adjustments. Operating wise, I'm comparing 2005 to estimated 2006 to proposed 2007. Estimated 2006 is pretty close to final. We still have some adjusting entries to make but we've tried to get the majority of our stuff in for this presentation so we knew where we were ending the year at.

In operating in 2006 the recreational enterprise has achieved tremendous revenue growth with total operational revenue increasing over \$1 million from \$6.1 million in 2005 to \$7.1 million in 2006. That's the highlighted numbers on the operating section, the \$6.1 in 2005 to the \$7.1 in 2006, and we are proposing \$8.2 for 2007. Then for net operating gain and loss, the recreational enterprise division managers are responsible for all operating revenues and expenses. It should be noted that within a 12 month period, 2006, a \$700,000 increase in net operating income was realized, and this is what the division managers have control over. They did a tremendous job this year with the \$700,000 gain over a 12 month period.

Non operating wise, I just want to point out right now in this overview is annually for seven years the RecPlex has received a donation from WisPark of \$571,429 per year. The donation has totaled \$4 million and has now ended in 2006. You can see the yellow shading that that money is no longer coming in in 2007. It's a zero amount as an impact for next year. That's our main impact on next year's budget. The WisPark donation has helped the RecPlex make additional principal payments, thus for the future we have less interest payments to make on the facility that we have built.

In the cash flow are I'd like to point out a couple things. First of all, in 2004 when we were looking at expansion and the addition of the IcePlex, consultants put together pro formas for us which included a revenue projection and expense projections. These were used to establish debt service repayment schedules. Assumptions were made that the facility would cash flow faster than it is and that cash reserves would accumulate during the first couple years after expansion. We therefore structured the debt so the debt service to make an increase payment in 2006. You can see that in 2005 the debt service payment was \$700,000, but then in 2006 you can see that spike to \$1.2 million and then it goes back down to .8. If the debt payment had remained flat this year we would actually realize a positive cash flow in the enterprise operation. There's a good

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and bad. Bad is that we're not positive cash flowing this year. Good is that we made a principal payment. We reduced our total overall debt thus reducing interest for the future.

This is an overview of the facility. We did negative cash flow for 2005 and 2006, but for 2007 we're proposing a net cash flow break even. But you can see the improvement from 2005 to 2006. We didn't lose as much money and the main loss of it was because of the increased principal payment.

I'm going to start with the operating section and go into a little bit more detail on our revenues and expenditures in that area. I'll start out first with operating revenue. In the majority of the financial slides I will be comparing 2007 proposed to 2004 actuals and 2005 actuals and preliminary 2006. These comparisons give a better picture of where the RecPlex has been and where they are going and why we did the projections we did in terms of 2007 proposed.

This is a pie chart of the revenues that the facility generates. These are the revenues that the division managers have control over and have done a tremendous job this year with a gain of over \$1 million. Two thirds of the operating revenue of our recreational enterprise is memberships and programs. You can see annual memberships account for 41 percent, whereas programs account for 28 percent of our total operating revenue. Annual memberships include over 4,600 household memberships or 13,000 individual pass card holders. Wisconsin residents account for almost half of that membership base, Pleasant Prairie memberships a fourth, and out of state and corporate splits the other one fourth of the pie.

The program slice of the pie which is our second major piece of the pie includes all of our programming: youth, fitness, youth sports, adult sports, therapeutic rec, aquatics, ice programming, outdoor recreation and also our kids' court area. After membership and programs the remaining one third is broken into smaller pieces of the pie, the biggest being rentals a 8 percent followed by concessions, merchandise, special events, sponsorships, advertising, public sessions, daily passes, facility fees and others. I'll go into a little bit of detail on some of these in the upcoming slides.

These are our top three operating revenue categories. They're the biggest slice of our pie. This is the trends of these major revenue sources, the top one being annual memberships. In 2006 memberships increased \$327,000. In 2007 we are budgeting an increase of only \$175,000. This does not include the new program that Cathi talked about in the new program slide. The majority of this \$175,000 is due to maintaining current members with a full year impact of our rate increase that we implemented 1/1/2006. The increase from 2005 to 2006 included 138 memberships and 395 members. The yellow line is programs. Program revenue increased from 2005 to 2006 by \$275,000. We are budgeting a larger increase for 2007 of \$428,000. The majority of this increase is in our major programming areas which is youth, fitness and youth sports.

The green line is rentals. Rentals include our RecPlex rentals, ice surface rental, outdoor areas, pavilions as well as equipment rental. Sixty percent of these rentals are for ice which accounts for a little over \$400,000 of revenue. Seventeen percent of this revenue is to do with our RecPlex facility rentals including the field house and our multipurpose rooms. That accounts for a little

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over \$117,000. 2006 we saw an increase of about \$141,000 in ice rentals, and 2007 we're budgeting \$119,000 but the majority of this increase will be in RecPlex space rental which I'll talk about in a little bit.

These are our top revenue generating program areas. As I mentioned before those areas are youth, fitness and youth sports. The white line—well, these three programming areas account for 70 percent of our program revenue, so that's a big chunk of our program revenue that these three areas account for. That's why these were picked out and are being trended. The white line is youth. For 2006 revenue increased about \$238,000 for youth. You can see the line increasing there. Then for 2007 we're budgeting a revenue increase of \$125,000, only about half of what we had for an increase in 2006. That's in the youth area which includes the day camp, pre-school and our after school and before school programs.

The yellow line is fitness, and this area saw a modest increase in 2006 of about \$50,000. We're projecting a larger increase here for 2007 mainly due to our personal training and fitness areas. With our new membership retention program and our membership advisors, we are looking as they . . . and work with our new members we're looking at a large increase with our personal training as well as directing these new members to classes and that type of activities to help them to become exercisers. So that's why we increased this area a little bit more than what it increased in the past. Also, our dance program in this area has taken off really well.

Then youth sports you can see has been a steady increase. This includes our basketball program, baseball, martial arts, football and soccer for our youth. This went up \$50,000 in 2006 and we're just proposing a modest increase of \$13,000 in this area for 2007.

This is our rental breakdown. As I mentioned, this is our third major revenue source. You can see ice is in the white and how that has taken off. The ice facility actually opened the fall of 2004. We had a steady climb from 2004 to 2006. In 2006 the majority of our prime time seasonal ice has been rented or programs. Prime time is weekdays from 5 to 10, weekends from 8 a.m. to 10 p.m., and our season in the ice rental business is from September through March. Now our job gets a little harder as we try to sell as much non prime time and non season ice as we can. Therefore, our increase is projected at only about a fourth of 2006's increase or at a \$23,000 increase for 2007.

In our recreational facilities that is the yellow line. 2004 rental revenue was higher than 2005 and that's because in 2004 we hosted the Avon three day walk registration day for a total rental of about \$22,000. Then we dipped in 2004 because we did not have that Avon three day walk registration again in 2005 or beyond. In 2006 we were able to swing back upwards with a \$28,000 increase. That's exceeding 2004 rentals. In mid 2006 we hired a rental specialist who has already secured rentals in 2007 plus we have signed an agreement with Wisconsin Junior Volleyball and they have also named our RecPlex as their home facility. We're estimating \$35,000 of revenue from that club. We have a two year commitment for this season and for next year's season, '07 to '08. We are proposing to increase rec facility rentals \$77,000 in 2007 to almost \$200,000. We think that's possible with the current rentals we have secured as well as the position of rental specialist being firmly established in the organization at this time.

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The other two categories on the bottom, the green and the pink, are outdoor rentals and equipment rentals. We have steadily increased over the last couple of years. Equipment rentals include skate rentals, racquet rentals and boat rentals. The proposed 2007 budget reflects past trends in those areas. As you can see it's a slight increase and that's how we budgeted for 2007 in those areas.

These are our last minor categories 4 through 7, our operating revenue. We have the fourth category, concessions, has done a tremendous job over the last number of years for us. Concession includes our splash bar as well as our skate bar, our outdoor concession area, and also our pro shop and our RecPlex merchandise type sales. We have in this past year consolidated our concessions under one management team and also our pro shop took over the merchandising of our RecPlex merchandise. Therefore, we're using our synergies to save money and be efficient in these areas in terms of ordering and inventorying and also putting together our menus on these different sides of our building. So currently these areas are both working together to maximize our sales and minimize our expenses in those areas.

The yellow is special events. Special events includes our Pleasant Prairie tri which accounts for 50 percent of our special events revenue at \$180,000 and that has a very good track record and that's pretty much what we made this year in terms of gross revenue in that event. Prairie Family Days, which we moved from the general government this year over to our rec facilities, that accounts for 27 percent of this revenue. That's why you see the more steep increase for 2006. That accounts for 90 percent of our budgeted revenue for 2007. Also, another major special event is the ice show that we have in the spring, third weekend in May. That accounts for 10 percent of our special event revenue of \$35,000. We pretty much did just a slight increase in that area. You can see it's a very gradual increase for 2007 in our special events category.

Sponsorships and advertising is the green line. This includes our indoor sponsorships, Time Warner Cable for \$80,000 which secured for 2007, First Banking Center \$50,000. We will secure that last year in May along with Palmen Motors, so this year we're realizing 100 percent of those revenues instead of just the eight months of revenues. Also, Pepsi \$17,000 they give us annually as a sponsorship and that's secured for the upcoming year. Also, another Play by Play advertising, the advertising pages in the back of our Play by Play which are sold by Happenings Magazine are secured mainly for next year at the regular revenue source of \$44,000 to help us pay for our Play by Play publishing and mailing. Banners and dashers for \$15,000. We have some banners and dashers sold but not all of them.

Advertising packages for \$40,000. That's an area where we're currently looking--last year we hired a marketing director with secondary responsibility of selling these advertising packages. This year we have restructured that and we're making their primary job be selling sponsorships and advertising packages. Once that position is secured their primary responsibility will be going out to sell and to build community relationships to help us retain these sponsorships as well as sell additional advertising packages and sponsorships.

Outdoor ball field sponsorships \$25,000. The two ball fields on the south side, Palmen and First Banking Center are up for renewal this year. They're on a three year contract and we will approach them concerning renewal. If they don't want to renew, we'll go out for bid on those.

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Also, our north ball fields one is ready to be renewed and the other three were never sold so this new position with the sponsorship person that will be one of their responsibilities to sell totally the north ball fields as well. We're looking at a package deal with that with an indoor sponsorship as well as the out. With the season being short for outdoor it's kind of hard to sell those north ball fields and the location they're at. So joining those up with an indoor banner or dasher or that kind of thing will help sell those in the upcoming spring season. Then there's other miscellaneous sponsorships and advertising for \$23,000 for a total of \$331,000 of advertising and sponsorship revenue.

Public sessions is the pink line. There's been a very steady increase in that area. This includes our public skating include teen night. Teen night has had a major impact on that public session number bringing in almost \$70,000 this year in revenue on that Friday night for a couple hour a night, on a Friday night for a couple hours. Birthday parties are also in this category, also doing a tremendous job in increasing. We're budgeting \$120,000 in that category which is not much above what we've made in the past in that area. Also in this area is field trips and other types of public session revenue totaling almost \$300,000 for 2007.

So this is our summary of all of our operating revenue. Everything above the line I've talked about already in terms of trending and what we're proposing in that area. The three lines I did not talk about are below the line. That's daily passes. Daily passes are our RecPlex daily passes. After being stable for two years they increased \$23,000 for 2006. We're proposing for them to increase slightly in 2007 above that 2006 level.

Facility fees have been stable also for a number of years around the \$125,000 mark. It spiked a little bit in 2005, but since the facility has been open it's been very, very stable. We're budgeting again to remain at the \$125,000 level. In our other category this includes our monthly HH fee. This is a \$4 fee that we charge our members if they want to be monthly drafted for their memberships, and that revenue is budgeted at \$102,000. Beach passes is in this category and the other miscellaneous revenue for a total of \$135,000.

So you can see we trended and gained a million dollars in the last two years. 2004 to 2005 we gained \$1.3 million; from 2005 to 2006 we gained a little over \$1 million; and we are budgeting to be a little over \$1 million again for 2007 to be able to break even in our cash flow in this operation.

I just went back and looked at operating revenue growth in millions since the first year in operation to just kind of see where we've been and the projection we made does that seem realistic for 2007. 2001 was our first full year of operation and we made a gross operating revenue of \$3.2 million. 2005 was our first full year after the expansion and the ice addition and that year we made \$6.1 million. And then you can see the other years. Annual growth average for those since the first full year is \$.8 million which averages 18 percent. We are budgeting for 2007 \$1 million annual dollars growth or 14 percent over last year.

This slide is my final slide for revenue so if there's any questions at this point on revenue otherwise I will continue on expenses.

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John Steinbrink:

Any questions? Okay.

Kathy Goessl:

Again, I start with a pie chart for expenses also. Operating expenses, again, because we're a service organization, our biggest pie slice is wages and benefits. 42 percent is our operating wages and benefits for full- and part-time employees that operate the RecPlex but they're not associated with programming. So 42 percent is like the maintenance staff, the administrative staff, marketing, areas that have a big impact on this facility but isn't directly related to a program area. 12 percent is wages and benefits associated with programs. This includes day camp counselors, fitness trainers, personal trainers, those types of positions. They're all part-time positions, and they're hired based on the demands and the revenues of the programs that we have.

Our next biggest category of expenditures is depreciation. Depreciation is a non cash expense recognizing the use of equipment and buildings that is necessary to operate our recreational enterprise. These items were purchased in the beginning when we first built the building or when we extended the building or as we need them on an annual basis as you saw from our capital list that we requested.

Our next categories are utilities. Utilities accounts for ten percent and that includes electric, gas, water and sewer. Another ten percent of our pie is other operating. It includes our supplies, our contractual services, repairs and maintenance including maintenance agreements, our credit card processing fees, office and janitorial supplies, property and our liability insurance.

The remaining 12 percent includes other program expenses which includes our officials for youth sports and adult sports, our transportation for field trips or to bring kids to our after school program, supplies or snacks for our pre-school and day camps are just a few examples of the other program expenses. Concession and merchandise includes our cost of goods sold. It's actually the cost to purchase the merchandise or the goods we sell in the concession stand. It also includes our part-time concession staff, their wages and benefits.

Special events the major expense in this area is similar to, of course, the major revenue sources. Pleasant Prairie tri is \$117,000 of expense; Pleasant Prairie Family Days \$84,000 in expense; and then the ice show is \$17,000 in expense.

Marketing includes our major publications, the Play by Play and the Kids Play as well as ads and other miscellaneous advertising we may do. Sponsorships and advertising, which is included in our main 12 percent, includes fulfillment cost for naming rights, banners, dashers and commissions for our Play by Play advertising.

This is a graph of our wages and benefits and how they've trended over the last couple years. You can see for the top line is our operational wages and benefits. The bottom line is our program wages and benefits. They both have increased but more on a level type basis. We are budgeting \$1.3 million for full-time wages. We are budgeting \$1.5 million for part-time wages;

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\$.8 million in benefits for our full- and part-time employees. This wage and benefit number also includes \$287,000 of wages and benefits that are transferred from general government. This is what Cathi talked about earlier in terms of allocations of personnel that's mainly housed in the general government department that get charged an allocation out to the RecPlex. This includes finance, information technologies, our human resource department and also our administration department included in the pink line for charge out for \$287,000. The total of wages and benefits for 2007 is \$4 million.

These are utilities which is one of our major expenses. Our rec facility uses a lot of electric. 7.2 kilowatts in 2006 or \$441,000, which is only \$21,000 over 2005. It's a cost of \$420,000. You can see that line is pretty level. The electric is the white line and you can see there's only a very slight increase in that area which is great considering our electric rates went up. With some extensive reprogramming of the HVAC unit by our facility division headed by Patrizzi, we have been able to reduce kilowatts as well as therms for natural gas. So we've done a great job in terms of our electric and gas. Even though we saw a big increase for 2006 we were able to realize and save money in this area.

The yellow line represents our natural gas cost from 2005 to 2007. There was a reduction in usage, thus our total natural gas bill went from \$142,000 in 2005 to \$129,000 for 2006, a \$13,000 reduction. Part of that is weather related, but the other part is our managing of the actual facility to use the best use of gas and making sure we don't waste the electric and gas in our facility.

The green line represents our sewer bills and the blue line represents the water bills for the rec center, both water and sewer being budgeted slightly greater than the 2006 actuals. You can see the line is pretty flat in that area.

These are, again, a summary just like I did for revenue of all of our operating expenses in thousands of dollars. I've already reviewed the trends for wages and benefits and utilities. Other program expenses follow program revenue trends. Increases in program and participation will coincide with the increase in program expenses. If a program revenue does not materialize, the increase in the respective expense will not happen either. Depreciation, there's an increase from 2004 to 2005 because of the building expansion. The slight decrease in 2007 is because equipment purchased when the RecPlex originally opened in 2007 has been fully depreciated, therefore, no longer an expense on the statement but still may be used by the facility.

Other operating, for 2007 we have trimmed all other operating expenses to match historical trends. All division managers must carefully monitor spending in these areas in order not to exceed budgeted dollars for 2007. Concessions and merchandise, mainly cost of goods sold, which trends with concessions and merchandise revenue. 52 percent for concessions in terms of the cost of the goods we sell and 60 percent for merchandise, mainly our pro shop.

The majority of the special events expense jumped in 2006 because of the Prairie Family Days. As I mentioned, it was transferred over from the general government over to the rec fund. Marketing includes the Play by Play and Kids Play and ads and has decreased slightly over the years due to more effective marketing and brand awareness, as well as our direction toward referral programs for 2007.

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Sponsorships and advertising, for 2006 and '07 \$13,000 is commissioned for our Play by Play ads that we pay the Happenings to sell in our Play by Play publication. In 2006 we had fulfillment costs for First Bank Center and Palmen, and for 2007 mainly is fulfillment of our outdoor ballfield sponsorships.

As you can see on the bottom I have the annual increase of all the operating expenses for the facility. The annual increase from 2004 to 2005 was \$1.4 million. That's our first full year of operations with expansion and with the ice addition. That's why that jump was so huge in 2005. In 2006 we increased expenditures \$348,000 where we increased revenues over \$1 million. That's where we got our \$700,000 net gain for the operations. And then we're proposing a little over half a million of increased expenditures for 2007.

So when we put the revenue together with expenses you can see the trends here for the last couple years and the preliminary actuals for 2006. Then we also add in the new program requests that Cathi talked about earlier and also the program reductions that we're recommending taking so we're looking at an operating gain for next year of a little over \$1 million which is the same we achieved in 2006. We went from a negative \$400,000 to a positive almost \$300,000, a \$700,000 gain. In order to break even cash wise we need to go another \$700,000, and the main reason we have to do that is to cover the lost donation from WisPark.

So are there any questions on the operating section of the RecPlex financials?

Alex Tiahnybok:

I've got a question or more of a comment. First off, the idea of consolidating the concession operations for the RecPlex and the IcePlex I think is a great idea. They're both doing the same thing. Probably you shift personnel around when you need it and all that kind of stuff so that's an excellent idea.

And I just want to throw out some kudos to Tom for carefully monitoring the natural gas usage. One of the things I'd like to see us do, and of course I think in business terms, but I don't think Village government is all that different, is you reward people for recognizing good ideas. It's easy to look at some potential savings and ignore it when there's really no payout. In private industry it's very common that if you recognize something that's substantial and can be enumerated frequently an employee gets a bonus for it, and I think there's plenty of opportunities whether it's at the RecPlex or anywhere else in Village government and that's one of the things I'd like to see us work on in the second half of the year. Again, good job for the consolidating stuff.

Mike Serpe:

I said once before that as a public employee which I was for my whole career two words we never heard was bonus, and I'm so cold I can't even think. It just doesn't happen in public employees. I'll tell you, Alex, I think if you started that program like that I think you'd get an outcry from the people that would never cease. You're treading on dangerous ground. I think

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when you take the job of public employment you realize that it's going to be almost an oath of poverty in some cases. In other cases you do it because it's got the security of that check every two weeks and you just do the best you can. And, yes, we do appreciate people like Tom Patrizzi and Kathy and Mike and all of our public employees but, boy, who do you identify and how do you identify which one this year or this month is going to get that extra \$50 or \$100. That might be tough.

Alex Tiahnybok:

You mean outcry in terms of who gets credit for the savings? That can be worked out.

Mike Pollocoff:

I might add, and it might put a damper on the party, but you can't give public employees a bonus. Your budget as an employee is established as far as the budget. If the Board wants to make an adjustment in the following year to adjust salaries that can be done. But you've got to remember a good part of our employees are under contract wages. They bargained for wages for a three year period or a two year period. We've followed the County contract for our public works and office people. I guess it's a nice thought, maybe a surprising thought that somebody does that. But on the other hand what a public employee has I guess is hopefully they have that knowledge that the work they do is appreciated. There's a certain level of security that they have that private sector employees don't have. As Mike said we all go into this with our eyes wide open. Our counterparts, Kathy Goessl's counterpart in the private sector, a CPA with her level of experience and knowledge, I think would be making a lot of money. I don't want to say that to chase her away or a lot of our people, but that's the nature of the beast.

I will say, though, that if you have a professional staff like we have with the Village, and they are professionals and they perform as professionals, that's one of the things they want to do. This community year after year after year after year for ten years has assembled reserves based on the efforts of professionals that are working to save money. And I don't believe any one of them, I know no one of them asked for a bonus or give me extra money or I'm not going to find a way for you to save money unless you give me a bonus to do it. These are all people whether it's community recreation that Cathi and Lyn and the RecPlex people sign on to they've all done it.

I know in the private sector it works differently and maybe in another state it works differently but I'm not aware of that. I do think recognition takes place and it I think it takes place in the process during the next budget when you look at salary schedules. But whether you know it or not you've been blessed with a good staff that has performed and achieved a lot of things and saved money. And whether you believe it or not your budget is a lot less than other communities, and that's because this group of people has worked together as a team and everybody has worked together to accomplish some common goals and some things that we as professionals believe in. If you think that can be enhanced by giving somebody \$50 a month or \$500 a year I think, one, I don't think that floats in the middle of a budget year, and I think that their reward is recognition for what they do and not being subjected to a circus in how things happen. That's really I think what everybody is looking for.

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Mike Serpe:

I thought of the other word, it was profit sharing.

Alex Tiahnybok:

I'm certainly not suggesting that this become a circus, but if in a tough budget year if somebody can come up with ideas, let's say of a magnitude of \$100,000 of savings, and if we gave that person a five percent bonus in some fashion, whether it's an additional \$5,000 the following year or however we work it out, the Village is ahead \$95,000, so I don't see how anyone could complain about a \$100,000 savings and sharing it with whoever found the innovative route. I don't want to create a circus.

John Steinbrink:

I'd like this to go on. I know Alex wants to discuss his first 100 days of his platform, but I think we have before us the rec budget and I think if they're really concerned they would have been here during the presentation on Monday and we went through the details and got to see the staff the work they put into it, all the staff members that talked on their portion of the budget, the Rec Commission and the amount of time and study they put into the budget, the questions they asked, the details they went through, and that's what's before us right now. They brought up some good points and there's things we want to look at that they did bring up. Of course, one of the biggest issues out there is parking and that comes with being successful. Everybody wants to be next to the door but we've only got so many of them next to the door so we've got to kind of move them around I guess. With limited space and limited funds that becomes a real creative challenge is how we address the parking issue. But before us tonight is the budget and, Kathy, if you'd continue.

Kathy Goessl:

The next section I'll look at, which is a little more brief than the last section is non operating. Non operating, I'm going over the revenue expenses at the same time, this is in thousands of dollars. This slide shows RecPlex non operating revenues and expenses. The first line under revenue is donation. In 2006 we received our last payment of seven from WisPark. The next item is tower leases. These leases are on our water towers. In 2005 we see a reduction from \$92,000 to \$61,000, because prior to that general government tower leases were also used to support the TR program, but in 2005 during the general budget cycle those were removed and redirected back to the general government. Increases in 2006 and 2007 are due to additional leases or increases in our current leases that we have in our water towers.

The next line is interest. Interest is the money we earn on the cash reserves that we have. That varies based on the interest rates and the amounts of reserves that we have on hand. You can see that has gone down over the years because the last couple of years we had negative cash flow. That's reducing the cash we have in reserves. We still have cash remaining of a little less than a half million dollars in this enterprise fund.

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Settlements is new in 2006. Our field house flooring had some issues and we settled with Mondor for \$210,000 which is the settlement spread over three years for \$70,000 per year. So you see the initial \$70,000 in 2006, another one in 2007 and there will be another payment in 2008 and then it will be finished.

Interest expense, we switch to expenses. First of all, for total revenue you can see it was pretty steady over the previous three years, 2004, 2005 and 2006. But now because of the donation from WisPark being eliminated we have dropped \$500,000 and some, almost \$600,000 for 2007 in terms of our non operating revenue.

I'll switch to expenses. Our biggest expense is our interest expense. Interest expense on debt increased in 2005 because of additional debt that the facility borrowed to finance the expansion and the addition of the ice arenas. The interest expense part has leveled off.

Other expenses include debt issuance expense and debt premium amortization and transfers to the general government for the maintenance of our ball fields. Expenses over the last couple years has maintained pretty steady at \$1.2 million. When we look at net operating, net operating has been always a loss because expenses have exceeded revenue and are not in the non operating category, but the loss has increased in this category in terms of expenses being more than revenue. Again, it's because the donation from WisPark no longer being received.

This slide takes and puts our net operating and our net non operating together to show you where we ended in the last couple years and what we're projecting for 2007. The first year in 2004 was our expansion year. We lost \$400,000 and some when we netted these two together. 2005 that went up mainly due to, of course, increased interest payment. Then in 2006 we were able to turn that around to reduce the loss \$209,000, and we're projecting for 2007 to break even basically on net gain. Any questions on this section otherwise I'll switch to the cash flow adjustments.

This first slide shows cash payments not recorded in either the operating or non operating expenses but does have an impact on cash. The first one is principal payments. Principal payments you can see there have been, well, they're pretty steady except for that 2006 which I mentioned before that per the pro forma per outside consultant we assumed a spike in our cash reserves to be able to make an increased principal payment. We did have the cash on hand but not as part of our operating revenues or net operating revenues for the year.

Capital purchases we didn't make much purchases in 2004 or 2005. This is capital purchases that we're actually using operating revenue. We did make capital purchases, of course, in the expansion of the building and the additional equipment when we expanded the building but that was all borrowed funds. And then for 2007 we spent almost \$100,000 in capital and we're projecting or asking for \$200,000 in capital expenditures for 2007. So here's total cash payment on the bottom of this slide for the past couple years, our preliminary 2006 and our proposed 2007.

Principal payment was mentioned as a cash payment not recorded above, and this shows how our principal, and this is actually principal and interest payment, have trended over the last—since 2002. 2002 and 2003 were just principal payments and interest on our original facility. Then it steadily increases when we borrowed for the new expansion of the facility. We did an

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accelerated type payment instead of dumping it right all in the first year after our expansion. You can see the spike there which is our principal payment spike along with interest included with it. Now it has gone back down and it is pretty much going to be leveled off for the future years which is good news for us in terms of not having to steadily increase net gain to be able to cover this additional payments.

This is an expense that was recorded up in operating. I talked about it as one of our major expenses. It's depreciation. It's actually the use of the equipment that we purchased earlier through bonded funds that are currently being paid through by the rec fund. So in 2004 to 2005 you see an increase there because of the new building, equipment and expansion. That's leveled off and it dipped slightly because some of the original equipment has life of like five to seven years for a . . . facility and that has already depreciated out its full life so it shows a drop there.

This is our total net cash flow. You see the net gain and loss there from the previous couple slides of proposed or basically break even. The cash payments and non cash payments pretty much cancel each other out. We're looking at basically a break even that we're proposing for 2007 based on the revenue, the operating revenue and expenses that we're proposing, capital purchases that we're recommending and the non operating that's in place from earlier decisions that we have made.

I'm coming back to this slide. This is the initial slide that I showed in terms of summarizing our actual for 2005, our estimated for 2006 and our proposed 2007. So this is an overview snapshot of all the detail that I've done from the beginning to the end of my presentation. This pretty much ends the financial section of my presentation and I'm open for any questions you may have on that part of it.

John Steinbrink:

Comments or questions?

Cathi Klaver:

The final aspect of our presentation is an evaluation, and we are seeking approval actually of our membership rates. Through our process with Ray we were evaluating our membership rate structure. One of the recommendations he said right way, he said, oh my God, you're just way too cheap. You have a beautiful facility here and your rates are way too low. We knew we weren't going to be changing up that drastically. We are a community based facility and we would like to make sure that every opportunity is given for our residents and anybody in our service area to become a member, but we do need to keep up with an ability to maintain the facility from the expense side of things.

One of the things that Ray evaluated was actually our rate structure in that we have three tiered membership dues structure. He is recommending that we eventually over the next two to four years actually move to a two rate structure, one being a Pleasant Prairie rate and then everybody else, instead of having a three tiered rate structure because of our geographic location as it relates

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to Illinois. At times our Illinois rates are a deterrent to people, but he does believe we're not necessarily going to go the opposite direction.

So first and foremost we are looking to kind of close that gap between all of those membership fees and that's why we are looking to increase our Pleasant Prairie and our Wisconsin rates and I'll get to those rate schedules in just a moment. The next we are looking at doing is we're looking at the primary member in our secondary rate structures in that we are proposing a one percent increase in this area for Pleasant Prairie, Wisconsin, but the actual percentage of increase is going to be realized in our secondary and our youth area. In working with Ray and evaluating us against other facilities and rec centers across the county he believes that our secondary and youth were much too small. There's usually a 50 percent rate structure against your primary individual. So the first person comes in, let's just say they pay \$400. Usually that second person pays 50 percent of that rate. Right now we do not have that. We have a very nominal fee for that secondary adult and our youth additional as well.

So we are proposing effective April 1, and again I will get to the rate structure next, effective April 1 a slight increase in the membership rates to only new members coming on board after April 1st. We will be running a promotion that actually brings this awareness to light that we will be raising our rates. So if anybody wants to get in under that rate increase they certainly can do so. Then effective January 1 of '08 we will be actually recommending that rate increase to existing members as well. Those would be primarily on our EFT or our automatic bank draft, and then our paid in full folks would catch up with this rate increase as their memberships become expired and come up for renewal.

So the next slide here is we're looking at our membership rates for Pleasant Prairie. The next slide after this will be the rate increase as it relates to Wisconsin residents. So you see here our current rate and our proposed rates in yellow. The next two columns show the price or the rate itself and then the percentage of increase. We've laid it out following our primary, secondary and youth as we build our households. As well as towards the bottom of this chart you'll see a family of four and the financial impact on a family of four or a couple as well as the percentage of increase. Any questions?

The second slide here is the exact same slide but it relates to our Wisconsin residents and the increase we're proposing in this area.

Alex Tiahnybok:

What are the differences between? It looks like youth is the same, right?

Cathi Klaver:

Right.

Alex Tiahnybok:

So the difference is adult primary and adult secondary, is that correct, or just the primary?

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Cathi Klaver:

Actually it's the exact same increase. For both it just kind of shows because our rates are different for both, so you'll see the proposed rate is different. But the percentage of increase in the rate and the price of the increase is the same.

The final slide here tonight are just some final thoughts we wanted to share with you. This recreation operation is truly an enterprise fund. This facility was built with no tax support and is 100 percent self-sustaining unlike any other service provided in the Village whether it be police, fire, public works. We are truly a service that touches the lives of people ages 0 to 99. The Village with its unique model we provide the service at no expense to the taxpayer.

As Kathy pointed out, we have experienced exceptional revenue growth with an 18 percent average growth from 2001, our first full year of operation, until our current year in 2006. Cash reserves from the enterprise have been used to supplement expansion and development years '04 to '06, again, with no support from the general government. The expansion of facilities should be viewed as smart or strategic investments for Pleasant Prairie's community development initiatives for both residential and commercial. We all know that this operation, Prairie Springs Park, the lake are world class facilities, are truly very attractive to people looking to move to Pleasant Prairie as well as companies that relocate just because we have these amenities that would be available to their employees and their quality of life.

Finally, I want to add here that all eyes are on Pleasant Prairie and we are viewed across the State as pioneers in the area of recreation services and facilities. A very quick story. I was recently asked to give a presentation to my counterparts across the State at a leadership conference for Wisconsin park and recreation. This was about three weeks ago. I was approached because so many communities across the State have heard about Pleasant Prairie and how we're delivering services. I said, okay, I'd be more than happy to speak on behalf of Pleasant Prairie and offer up our story. So I went and there were about 35 different communities that were there. I believe it was Appleton there, the City of Waukesha, Wisconsin, Madison, Brookfield. Again, about 16 of my counterparts from across the State met to talk about different challenges that municipal recreation departments face. As we all know there's tax freezes across the State, funding for services and programs diminishing.

But everybody is hearing how is Pleasant Prairie doing what they're doing? So I was able to go and represent and say, well, we do it because we run our recreation services in a very unique and innovative model which is running our department as an enterprise. So I'm here to say all eyes are on the Village and its pioneering ways in providing services to its citizens and the community at large. That's it.

John Steinbrink:

Maybe you want to talk just briefly about the award you've applied for.

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Cathi Klaver:

Okay. Through the process of working with Aurora University and the representative from Aurora who was heavily active in the State of Illinois, his name is Dr. David Manulson, he encouraged us and he said have you guys ever looked at putting in for a national award and a recognition from national parks and recreation. I sort of said we've been too busy managing the growth of the operation to really think about applying for awards because those do take a little bit of time. But with his encouragement we've put our name into the . . . we have an intention to apply and submit a large proposal to be awarded for class five, which is communities of 25,000 and under to compete in the area of recreation services and administration to be acknowledged as sort of a gold medal winner in the excellence in achieving a certain level of services. It's a 16 page proposal. We are due to submit that March 1st, and we will be competing with other communities across the country. It's an honor just to be considered a finalist. A lot of communities don't really make it. Dave believes we can our first time and it is our hope we make it all the way to being an actual winner. It's our intent to continue to kind of recognize all of our efforts here in the Village, the staff and the Village at large, on a national level. We'll keep you posted on our progress.

John Steinbrink:

When you add that to the folks that come here for the triathlons around the country and the tournaments and the ice and everything else we offer there and they go back home, you've already achieved nationwide recognition and exposure. You do a great job there.

Mike Serpe:

Just a couple things, John. Cathi, congratulations to you and all your staff for running the facility in an exemplary manner. In reading the budget proposals I did see in facilities that there is a reduction from a full-time custodial staff to a part-time. We're talking about getting bigger and bigger and bigger. And one of the more positive things about the RecPlex since we've opened was its cleanliness and the condition that it was in, and Mike's edict was every day we open that door up he wants it to look like we just opened up for the first day and it's always looked that way. The only thing I'm saying is that Tom has brought up a good point is that sometimes part timers can't always be relied upon like a full timer can. If that is the case and some funds do become available during the course of the year, if things look better than what we even project, then maybe we identify that if Tom is having a problem in that area. That's the only comment I have on the budget.

The only thing is, and maybe Kathy to you, in this whole presentation there was no mention of the pool tax. Where does that come into play?

Kathy Goessl:

The impact fee for the pool is currently sitting in an account in the general fund, and we haven't done anything with that or we won't be using that for anything this coming budget year.

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Mike Pollocoff:

Is there a separate line for pool tax in the aquatics budget?

Kathy Goessl:

No. All the County currently—it's accumulated in our general fund and it's separately segregated as a line in our general fund as impact fees collected along with our police and fire and all the other impact fees that have been collected from developers.

Alex Tiahnybok:

I, too, am a big fan of the RecPlex, the whole recreation enterprise. My two favorite parts of all these budget presentations that we deal with are the RecPlex and garbage. That's because they're enterprise. There's money coming in, providing a service, and money going out. In the end it's whether you're in the black or the red and I think it's great. Very tangible. It appeals to the way I look at things.

There's a difference, though, between the RecPlex and garbage. And the big difference is the RecPlex is entirely optional. If somebody wants to be a member of it they can be a member of it. Garbage, though, I guess somebody could refuse to take our garbage service but then they'd have a problem so probably not a good idea. But the reason I bring that up is there's one element that was brought up earlier, and I'd like some clarification on this because I think in terms of a competitive market I think it's important to recognize, the child care services that we provide. Do we price those services based on prevailing market rates? There's no disparity that would create misincentives one way or another?

Cathi Klaver:

No, we're clearly in line with other providers in the area.

Alex Tiahnybok:

The last thing and this was obviously a topic of discussion last year and that was the consolidating. Although I like that idea in certain respects, other respects the consolidating of the utilities that concerns me in terms of what facility—whether it's in an advantage position or not. I know it's not in all the material presented, but do we do, let's say for internal use, an analysis of how the RecPlex and the IcePlex are doing independently of each other? Or, is it all consolidated?

Kathy Goessl:

Utility wise we never really knew how much—we only had one utility meter for natural gas so really it was just an allocation to the IcePlex and RecPlex. So we really don't have internal records to say that IcePlex is using this and RecPlex is using this. There's certain items in the recreational budget that's the responsibility of the IcePlex managers just like any other division

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manager. He has responsibilities for certain line items within the budget, and those line items are presented to him for his review and to make sure he stays in line and meets his budgeted needs. Other than that we don't have depreciation or any of the other stuff broken out between Ice and Rec anymore. It's basically Ice is just like another operating division within the rec fund.

Alex Tiahnybok:

Okay.

John Steinbrink:

Other comments or questions?

Jeff Lauer:

Yes, just a few questions here. Mike, my friend, you should never throw rocks at glass houses. The budget, Mike brought up the pool. That wasn't discussed here tonight. I see in the budget for the \$6.4 or \$6.5 million pool, and part of the proposed monies to raise is over \$2.1 million for borrowing money and another \$4 million in donations. What are the plans to raise that money.'

Kathy Goessl:

We need to have donations in order to make that pool go. So we are not able to borrow more money at this current time to actually put a pool together. Plus the pool has a lot of operating expenses that go with it also that we need to be able to have positive cash flow of this operation. Right now we're looking at breaking even. We need to go up even higher to be able to do that. Mike might have more information on, I guess, his plans for the future in terms of the pool. But currently it's pushed out almost five years or more.

Jeff Lauer:

Do you have the plans on how we're going to raise the \$4 million, Mike?

Mike Pollocoff:

Well, my plans for raising the capital for RecPlex for the addition of the pool would be similar to what we did for the original RecPlex. There are people and corporations that would like to donate something of value to the community that's going to improve the quality of life. The pool is, as it always was, an ideal application for a donation of money to offset capital so that when the pool is built you're basically just dealing with operational expenditures.

We haven't identified in the aquatics budget or in the general fund a specific line item levying a specific pool tax. It's a matter of money we've collected, money that we're continuing to collect because we have people that make donations to a future pool believe it or not. And at some point when the funds are in hand we may come to a point where we decide we don't want as big a pool, maybe we build a \$3 million pool or a \$4 million pool. Whenever we reach that threshold when

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as a community we say we've got enough money to build a pool and let's do it, that's when it will happen. Right now since this is an enterprise there is no specific tax because we don't have an item where we levy a tax for a pool. So when we get ready to do that we'll actively continue to talk to people who want to partner with the Village, they want to have their name on our facilities and that's an opportunity.

Unless the Board directs me to shun that and stay away from that, I guess the direction I've had up to date is if somebody wants to contribute money to the Village it's reasonable and healthy and with no strings then we'll tell them what that money will go for and we'll accept it.

Jeff Lauer:

Is any of that money coming from the generous developers who out of that \$893, is any of that money considered donation for the pool?

Mike Pollocoff:

Mr. Lauer, as you well know, that pool impact fee was collected and that money is sitting in a fund. There are other people who have contributed money to the construction of a pool. Some of them aren't generous developers. Some of them are developers. Some of them are people. Some of them are people that want to have a pool. That fund will sit there and grow or not grow depending on what goes in it. But that's the only pool fund that I'm aware of. There has been no pool tax line item unless you saw something in the budget that I didn't see when I was preparing it. There isn't a line item in the budget for a pool tax.

Jeff Lauer:

No, we can play semantics, but the question was—

Mike Pollocoff:

No, that's a specific question because you either have a tax or you have a fee or you have a donation. It's one or the other.

Jeff Lauer:

It guess it's how you define is I guess. But when the Board passed the impact fees it did include a pool tax. We can call it a fee.

Mike Pollocoff:

No, it was an impact fee. A fee cannot be levied by statutes as a tax. A tax is based on value—

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Jeff Lauer:

I know. If we had President Clinton here I'm sure he can help us with definition. But I just want to make sure is any of the \$893 that we're collecting because of the State law changes does any of that funds go towards the new pool?

Mike Pollocoff:

Did any of it go to a pool?

Jeff Lauer:

Yeah, like some developers now in most of the planning that's being approved by the Plan Commission they're paying per lot that they're building on an extra \$893. Is any of those funds going towards a pool? Are they saying, here, Village take so much of this money and put it towards a pool?

Mike Pollocoff:

We haven't received any recently.

Kathy Goessl:

We haven't received any money at all except for the impact fees that was legally collected prior to the law being changed, and all that money is sitting in the general fund in an account that's separated out by different functions with interest being earned on it. No money has been directed from impact fees to the rec fund at all.

Mike Pollocoff:

It can't be until that expenditure is ready to be made.

Kathy Goessl:

Nothing is being budgeted either.

Jeff Lauer:

For those folks who paid impact fees before for the pool if they're not refunded are they going to get—if the pool when it is built are they going to get any special use of it, or is it just going to be they pay what the going rate is?

Steve Kumorkiewicz:

The statute doesn't specify in any way

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Mike Pollocoff:

The impact fee, the needs assessment that was prepared that justified the impact fee for a pool was based on the premise that as more people—we have a pool now, and as more people come to the community and place more demand on that pool than we have room for, that a new pool will be built and their funds will be available to build that pool. But without that money from the new people that have come here there would be no money from the pool unless, and this is what a pool tax is, Mr. Lauer, unless you said at that point the taxpayers should pay for the pool and you levy a tax. But without the impact fee that's how you'd have to do it.

So the purpose of the impact fee was not to give anybody a special price or benefit. The purpose of an impact fee is to pay for that increase in facilities that you need because you have more people coming here. That law doesn't exist anymore but that money is there. We collected it legally. And until somebody tells me something else to do with it I can't make up where that money goes. It has to sit in that fund. So that's the purpose of that. If we build a new pool with donations that pool impact fee is going to be that incremental increase of those houses that added to that pool fund because that's all we can spend it for. We can't spend it for anything else than that.

Jeff Lauer:

Okay. I know \$4 million is a lot of money to raise so hopefully we'll be successful at it.

John Steinbrink:

Other comments or questions?

Steve Kumorkiewicz:

Yes. Jeff, you forgot one issue—

John Steinbrink:

I'm going to redirect this back to the rec budget. Nowhere in the rec budget is the impact fee.

Steve Kumorkiewicz:

Okay.

John Steinbrink:

So if you want to put your comments towards the rec budget that's the direction we're going to go with this. The hour is 10:05, it's cold, people would probably like to go home. If you want to continue this debate come in tomorrow and Mr. Pollocoff can be here and you guys can—

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Jeff Lauer:

I'm done. Steve is the one who had the floor. You cut him off.

John Steinbrink:

I'm directing it to the subject at hand.

Jeff Lauer:

Yeah, aren't we all.

John Steinbrink:

Is that okay, Mr. Kumorkiewicz?

Steve Kumorkiewicz:

That's okay with me.

John Steinbrink:

Other comments or questions pertaining to the rec budget?

SERPE MOVED TO ADOPT RESOLUTION #07-02 TO APPROVE THE 2007 RECREATION ENTERPRISE BUDGET; SECONDED BY TIAHNYBOK; MOTION CARRIED 5-0.

Steve Kumorkiewicz:

Just one comment. That is the fact that I like the proposal that Ken made for the Friday night for the youth. It's the only program in Kenosha for the youth. I commend you for that . . . the IcePlex. An excellent program. From 1,100 to over 8,000 that's an excellent response.

C. Consider the request of Martin Hanley, agent for Village Green Development LLC, owners for a one (1) year extension of the Preliminary Condominium Plats for the Village Green Heights Townhomes North and Village Green Heights Townhomes South on the property generally located at 47th Avenue and STH 165 and the area north of Main Street between 47th and 55th Avenues.

Jean Werbie:

Mr. President and members of the Board, the petitioner is requesting another one year extension of the preliminary condominium plats for the Village Green Townhomes North and the Village Green Townhomes South. They are condominium projects that had been identified by the

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developer a number of years ago. These projects are located north of Highway 165 to the east of 47th Avenue and then just north of Main Street at the northeast corner of the proposed site.

The Village Board had approved the condominium plats on March 17, 2003 pursuant to the Land Division and Development Control Ordinance. Plats expire within two years unless an extension is requested and approved by the Village Board. Due to the size and complexity of this development, the cooperation amongst the various adjacent land and developers for the neighborhood park planning, as well as the complexity of this particular development, and actually the good working relationship that we've developed with the developer, there have been some extensions to the preliminary plats for this particular development. As you know, the second phase of residential is currently being finalized with this first phase of public improvements and will be likely finalized by later this spring, so they are commencing construction on that northern portion of Townhomes South and will be working probably later this year with Townhomes North.

The petitioner and developer is requesting another one year extension of the preliminary plats for both Townhomes North and South subject to the comments and conditions of the Village Board Resolutions 03-15 and 03-16. These resolutions are on file with the Village Clerk. The staff recommends approval of the request as presented.

Jeff Lauer:

Move to approve.

Mike Serpe:

Second.

John Steinbrink:

Motion and a second. Further discussion?

Steve Kumorkiewicz:

A question for Jean. Jean, there is one condominium built already over there, right, as part of the project?

Jean Werbie:

Yes, that's correct. That's part of the first phase of Townhomes South closest to 165. That's Scott Simon's development known as Sagewood.

Steve Kumorkiewicz:

That's part of this project?

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Jean Werbie:

That is part of this project. That's the southern part of the southern condominium development.

Steve Kumorkiewicz:

This is the second time we've given them an extension, right?

Jean Werbie:

Yes, that's correct. But this is a very large development with several hundred home sites, condominiums as well as townhomes. So it is a multi year project to get this project put together. As you know, just the transportation impact analysis for Highway 165 took a number of years to complete and get through that process. So there are various aspects of this development which took a great deal of time. So multiple extensions were warranted and were requested by the developer and had been granted.

Steve Kumorkiewicz:

Is there any chance that they come up with . . . before the year, or are they going to come back a year from now for another extension?

Jean Werbie:

Preliminary plats are valid for two years once granted by a Village Board. By statute they're valid for two years. I believe that the Village Green Townhomes South phase that will likely come later this summer, and I think no later than next year will the Townhomes North project be submitted for consideration. So I think that they will complete the condominium portion of this project within the next two years.

Steve Kumorkiewicz:

Thank you.

LAUER MOVED TO APPROVE THE THE REQUEST OF MARTIN HANLEY, AGENT FOR VILLAGE GREEN DEVELOPMENT LLC, OWNERS FOR A ONE (1) YEAR EXTENSION OF THE PRELIMINARY CONDOMINIUM PLATS FOR THE VILLAGE GREEN HEIGHTS TOWNHOMES NORTH AND VILLAGE GREEN HEIGHTS TOWNHOMES SOUTH ON THE PROPERTY GENERALLY LOCATED AT 47TH AVENUE AND STH 165 AND THE AREA NORTH OF MAIN STREET BETWEEN 47TH AND 55TH AVENUES; SECONDED BY SERPE; MOTION CARRIED 5-0.

D. Consider an Agreement with the Village of Twin Lakes for the provision of Real and Personal Property Assessment Services.

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Rocco Vita:

Good evening Mr. President and Village Board. Similar to last year at this time when we came around to approving the intergovernmental agreements between the Village of Pleasant Prairie and the Towns of Brighton, Salem and the Town of Randall, before you in your packet you should have a signed copy by the Village Board of the Village of Twin Lakes authorizing the provision of real and personal property assessment services by the Village of Pleasant Prairie to perform their statutory assessment duties through the year 2013. I'd ask that you consider favorable and vote to renew the agreement.

Mike Serpe:

So moved.

Jeff Lauer:

Second.

John Steinbrink:

Motion and a second. Further discussion?

Alex Tiahnybok:

Does this need to be a three quarters majority? That was a joke.

John Steinbrink:

I think it helps.

Steve Kumorkiewicz:

. . . every two years? They have any problem with that?

Rocco Vita:

They're satisfied with our service. They like our appraiser, Walt Graber, who does the appraising and the field work for the Village of Twin Lakes and the Town of Randall. Both communities seem to like him in that capacity. The Village of Twin Lakes has had revaluations every two years. Whether they continue to do so is their decision. The conversations this year in their discussion in signing the agreement was more around the cost savings as being part of the consortium in that now that we've been doing this for 11 years we have a history of how much it costs for us to provide the service and how much other contractors provide services in the other communities, and the other prevalent contractor here is out of Appleton. When you look at from Twin Lakes' point of view, this agreement that goes six years keeps their cost to providing the service relatively constant at a time when everybody is under these levy cap restraints.

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The other communities when they have a revaluation performed the cost of the revaluation which is typically \$40 a parcel is added to their cost of the record maintenance. So for a Village like Twin Lakes or even this year Bristol is going to have one done and this past year Silver Lake had one done, \$40 a parcel in Twin Lakes would be roughly \$150,000. Under the levy cap restraints because their levy is only \$2.7 million or so, and their new construction is just under two percent, so I think they could go to the two percent maximum, they could really only increase their levy \$50,000 or \$54,000. So in order to fund the revaluation they would have to either borrow or take the money from somewhere else. That was pretty much the gist of the discussion of using the consortium, having the ability to do a revaluation but, more importantly, it was included in our cost going forward.

Steve Kumorkiewicz:

Thank you.

SERPE MOVED TO APPROVE AN AGREEMENT WITH THE VILLAGE OF TWIN LAKES FOR THE PROVISION OF REAL AND PERSONAL PROPERTY ASSESSMENT SERVICES; SECONDED BY LAUER; MOTION CARRIED 5-0.

E. Consider Appointment to Police & Fire Commission.

John Steinbrink:

On this I have recommended Larry Nelson. He will be filling the term of Paul Zeeck who is leaving the area. Mr. Nelson has been previously interviewed and was interviewed by the Chairman of the Police and Fire Commission and I submit his name for appointment.

Mike Serpe:

Move approval.

Steve Kumorkiewicz:

Second.

John Steinbrink:

Motion and a second. Other discussion?

Alex Tiahnybok:

I personally don't know Larry Nelson. I don't think he's here. I saw his picture elsewhere and it doesn't seem like he's here. I have no personal issues with Mr. Nelson. It sounds like in addition to his family he has a personal legacy in the community, etc., and I imagine he would

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bring a lot of value to any commission he serves on. But, I'm trying to get my ducks and a row in doing my homework.

The Police and Fire Commission today is Chaired by Mr. Meyer, Christine Genthner is on the Police and Fire Commission and also serves on the Zoning Board of Appeals. Tom Terwall is also on the Police and Fire Commission, also on the Plan Commission as Chairman, former Trustee. Robert Ramsdell serves on the Police and Fire Commission. Mr. Zeck is leaving and I'm sorry to hear that, but Mr. Nelson also happens to be on the Community Development Authority. There's something I commented before and I think it's something that, frankly, needs to be fixed. I'm not trying to make any disparaging remarks about anybody that's on the Police and Fire Commission or any other commission, but we just have too many people serving in multiple spots. The Community Development Authority, our Village President is also Chairman. I think that's by law. Mike Serpe is also Trustee and on the Plan Commission. Larry Nelson is on the Community Development Authority. Gary Hutchins CDA. Phil Godin also happens to be the attorney representing Mr. Pollocoff is on that CDA Authority, Kate Jerome and Tom Reiherzer. Interestingly enough I went through . . .-this bothers you, doesn't it.

John Steinbrink:

Not at all.

Alex Tiahnybok:

I went through the 2006 minutes. In every meeting of the CDA there was an executive session. If you add up the hours it's probably something in the area of 7 or 8 hours in executive session throughout the course of the year. I realize there are things that the CDA needs to do and some of them are very sensitive in terms of press and attention, but a lot of time was spent in the CDA behind closed doors. Again, I realize it's by need but the citizens have no idea what happens there and I guess that's necessary.

But the part that bothers me and I've talked about this before and talked about it two years ago, is of the 37 votes that the CDA held in 2006 there were 37 unanimous votes, 37 votes, 37 unanimous votes. I think some of you have seen my wife talk here, and I don't always agree her and I love her, and unless you guys love each other on the CDA I can't imagine nobody disagreeing with each other ever. 37 votes, 37 unanimous votes. I'm troubled by that. Commissions should be a sounding board for the community and their recommendations should ultimately make it here in cases where that's the chain of command. This unanimous stuff is bad news because there's no new ideas and no creativity and I'm troubled by that. I am.

Steve Kumorkiewicz:

It would be surprising if-

Alex Tiahnybok:

Steve, I have the floor.

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John Steinbrink:

Point of order.

Alex Tiahnybok:

Thank you, Mr. President.

John Steinbrink:

I know you know Robert's Rules of Order and we try to give everybody a lot of latitude here because we went from a town form of government to a village. I try to be people friendly. Unfortunately when members come they don't understand the rules. They don't understand the voting procedure. It creates chaos. So if any of the members have problems with the voting procedures feel free to ask and we'll keep you informed on that.

Alex Tiahnybok:

I'm grateful that you restored order because rude behavior is not acceptable either. But, again, I made a promise some months ago and I have personally no issues with Mr. Nelson, but I made a promise that if anybody wants to be on a Commission they need to come here and at least say why they should be there and what it is that they have to offer. And if they're not here I'm sorry. I'm done.

Mike Pollocoff:

I guess just to clarify the record, because that was the best half of a story I've heard. The Community Development Authority its members are really dictated by the statutes what type of backgrounds that people should have that are going to be on that. I think that's an eminently qualified Board. The CDA probably in the months of 2004, 2005 conducted sometimes at least two public meetings that were in the open. The purpose of the Community Development Authority is to separate from the Board the process of acquisition of land, the sale of land and the litigation for that acquisition.

I can't think of any other government or any business that's going to do their strategic planning for what they're going to pay for land, what land they're going to acquire, their negotiations with potential buyers and sellers and do that in public. It's not fair for the people that you're buying land from. You're not completing or fulfilling your fiduciary responsibilities to the people who are paying for it. There were numerous meetings with at times packed crowds in here, but again it wasn't when you were here, but that's the process. It's a long, slow process to create a redevelopment plan. It's started in 2002 and it's still not completed. We're not anywhere near done. The lion's share of the work was done before you arrived, Mr. Tiahnybok, and unfortunately the portion that deals with the actual land acquisition process, the price, the litigation, the sale should happen in closed session.

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So I think when you look at what the votes were that took place, and those votes happen in public, it's the end result of what was a difficult and contentious process to get that done. I don't know or I can't think of why the people that serve on that Commission should have their intellectual efforts and efforts trivialized by you saying that they're all in lock step or they're thinking alike or there's something going wrong because they had the same process. The amount of work and time and effort they put in doesn't deserve that kind of comment and doesn't really deserve that innuendo because that's not what happened. I think given the amount of time that they put in it that's truly an unfair comment and it's short sighted.

I think if you would have went back and looked at the previous minutes or look at what happened it was a very active group and there was a lot of citizen input and they won't come to the Village Board because by law they're not supposed to come to the Village Board. Statutes require that two Village Board members be on there and Mr. Serpe is on now and Mr. O'Toole was on before. Mr. Steinbrink has to be a member of it by statute. He has no choice or the Village President has no choice and that's the way it is.

It's your decision to vote for who you don't want to vote for to be on a Commission, but to put the innuendo out that something's going on with the Community Development Authority that is less than what it should be I think that's a disappointing comment to a lot of people who have spent a lot of time here.

Mike Serpe:

One comment. What the Community Development Authority has accomplished in the last couple, three years, four years is almost going to redirect how Pleasant Prairie and Kenosha County and this whole area is going to be doing business with what's going on on the Interstate. If that's a lack of ideas, man, I don't know what constitutes an idea if that's a lack of ideas. I take serious offense to that statement. I'm not going to say anything else. Thanks.

John Steinbrink:

We have a motion and a second and I'll reaffirm Mr. Nelson's appointment. Once again, this is a real cross-section of people throughout the community. A lot of these commissions it's the same thing, it's a cross-section of folks throughout the community, different walks of life, different jobs, a lot of expertise and people that care and show up for meetings. They take a lot of time out of their personal schedules to be here to do the job they do and they do a very credible job. If you had been here for the Rec Commission hearing and you watched them go through the budget, if you go to some of the other Commission hearings and you watch them go through the budgets, the Planning Commission, the time the members put into their job and the thinking they do about the subjects that come up, I mean these people didn't come from out of a vacuum or something that's my idea.

They were interviewed, a lot of them, for different ones why they wanted to be a part of the Village. We went through a process. We interviewed a lot of different people for Park and Rec and other Commissions and we talked to them. We sit down with them. They give us their

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thoughts and we make our determinations from that. We also deal with a lot of sensitive materials, especially on the CDA. And you'll notice you've never once seen members running to the press, whining, complaining, crying. They've done their job, they've acted in confidence and they've protected and worked for this Village. That's something I'm very proud of those members because they deal with a lot of sensitive issues, sensitive material and they do it for the betterment of the Village, not for personal gain and not for headlines.

So, once again, I'm going to bring forward Mr. Nelson.

SERPE MOVED TO APPOINT LARRY NELSON TO THE POLICE AND FIRE COMMISSION; SECONDED BY KUMORKIEWICZ; MOTION CARRIED 4-1 WITH TIAHNYBOK DISSENTING.

5. VILLAGE BOARD COMMENTS

8. ADJOURNMENT

LAUER MOVED TO ADJOURN THE MEETING; SECONDED BY SERPE; MOTION CARRIED 5-0 AND MEETING ADJOURNED AT 10:30 P.M.