

CITY OF DELAFIELD PROPOSED 2010 BUDGET WORKSHOP MINUTES

A majority of the City of Delafield Common Council met to review and discuss the Proposed 2010 City Budget. No formal Common Council action was taken.

T. Schuenke explained that this workshop was designed to review the proposed 2010 City budget and this budget should be reflective of the City's goals and policies. The workshop was designed to be an informal discussion between the Common Council members and City Staff. Corrections to the budget book supplied to Council members were noted on page 5 with equalized valuations and assessed valuations being reversed. T. Schuenke explained this year was challenging due to the economy as budget revenues were lower and adjustments were reflective of that change within the budget. As a result, City Staff had been directed to provide a budget that was 1-2% below the 2009 City budget. They had done so and were to be congratulated on this effort. The City could expect to end this year with a small surplus in the General Fund as a result of careful planning in the past, and he thought the City was in good shape despite the economic downturn that had impacted everyone.

T. Schuenke then made a presentation regarding issues to consider when viewing the budget. He noted a decrease in the General Fund budget as both revenues and expenditures were down from last year. The Fire Department merger also impacted the budget and more information on this would be discussed later in the evening. He advocated use of the fund balance of \$100,000 to be utilized in paying for "one-time" start-up costs associated with the Fire Department merger. With regard to debt service, he advocated the use of \$650,000 to reduce the impact on debt service obligations.

The Proposed City Budget included a General Fund budget of \$5,415,721 for 2010. T. Schuenke then reviewed the estimated year end revenues and expenses for 2009 and 2010 demonstrating the \$100,000 fund balance and a surplus of \$65,287 in the 2009 estimated year end revenues and expenditures for the General Fund. The estimated 2009 revenues were below budget due to the economic decline that impacted the room tax, permit fees and interest income. Expenses were below budget for 2009 due to savings in moving and rent for the new facilities, tourism reductions, lower fuel costs, fewer building inspections, training decisions, and other miscellaneous savings gleaned by Staff through careful monitoring of the budget expenses for this year.

G. MacDougall questioned whether the City's bond counsel was in support of the use of the \$650,000 to draw down the debt service over time. T. Schuenke responded affirmatively, noting it was considered a good idea at this time but would require structuring of new debt.

In response to a question, T. Schuenke noted all capital projects programmed had been completed and the surplus was an end result.

T. Schuenke further explained the 2010 General Fund expense budget in the amount of \$4,568,307 included a decrease of \$80,327 from the 2009 budget when considered without the Fire Department expenses. Revenues in the General Fund for 2010, excluding the Fire Department revenues and property taxes in the amount of \$1,811,211, were anticipated to be approximately \$134,260 less than 2009 due to State shared revenues, permits, and interest income decreases as a result of the economy.

The impact of the Fire Department merger on the budget could be easily seen in the revenues and expenditures compared for 2009 and 2010. Fire revenues in 2009 were \$782,289 and \$0 in 2010. Fire expenses in 2009 were \$1,485,218 and \$847,414 for 2010 resulting in an increase of \$144,485. This increase would need to be paid from property taxes and were the result of the merger. T. Schuenke advocated using \$100,000 from the General Fund to pay for the "one-time" contingency and startup costs associated with the merger. The start-up costs were considered a one time expense as mandated by the agreement entered into when the fire departments merged. The contingency costs were simply a shift of contingency money from the City to the Lake Country Fire Department. With regard to the remaining \$44,485, the money would be utilized for salaries as a result of hiring additional emergency personnel. Overall, he noted the Fire Department merger did what it was intended to do, as additional personnel and a merger were provided with a slight increase in the budget for the year.

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T. Schuenke then reviewed the proprietary funds including water, sewer, and storm sewer. He remained concerned about the cash flow in the water fund for 2010; however, beginning in 2010, it would again be showing positive cash flow. This was the result of these funds being part of expenses for the new Public Works addition.

General obligation debt service totals were shared, noting an increase in 2009 and 2010 as a result of the building projects. Debt service totals were anticipated to fall significantly in 2013. He proposed utilizing the \$650,000 in debt service surplus funds to attempt to smooth the spike in expenses. He thought it prudent to do this over the next 5-6 years rather than in one lump sum to avoid a spike in debt service in future years and provide a manageable payout schedule to minimize any future borrowing impacts.

T. Aicher noted this surplus was the result of completing projects under budget over several years time.

Mayor McAleer questioned why the \$650,000 should not be split over the next three years as they were anticipated to have high debt service obligations. T. Schuenke explained debt would be added during those years as well and he would like to see the impact of that additional debt before utilizing the surplus.

Proposed property taxes for 2010 were \$5,820,578, an increase of \$458,561 or 8.55%. The bulk of the increase, \$357,211 was in debt service and the bulk of that, \$228,975, was the result of the new debt for the building program that was authorized by voter referendum in 2008. This tax increase would result in a \$149.20 increase on a home assessed at \$400,000. The mill rate history was also noted at this time.

Salary increases impacted the budget in all funds due to non-union and union contract employees.

The Council thanked T. Schuenke for his presentation and time spent related to the budget presentation.

G. Gresch explained the proposed 2010 Administration budget revenues included a decrease due to omitted tax collections not being required in 2010, loss of State shared revenue, building/plumbing/HVAC/electrical license reductions, and lack of bank interest due to the economy. She also noted there were several increases to various revenues, such as the zero tax equivalent related to the water utility, fire insurance dues, bartenders' licenses, and cable TV franchise fees, however, these were not enough to offset the decreases in the revenues noted above. The Operating Budget also reflected a decrease due to the 50th Anniversary celebration being removed and there would be no City Hall building maintenance for the temporary building as it was included in the lease agreement. Tuition reimbursements were part of the reduction in the Operating Budget as the Fire Department was not a part of this budget, and the Human Resource allocations were reduced because the Fire Department wages were no longer included in this budget. Some expenses had increased, including health insurance, election costs, legal counsel, and utilities for the Public Safety building, but overall, the proposed 2010 Expenses were down \$158,779. In addition, no capital projects were slated for the Administration Department this year.

G. MacDougall questioned why actual numbers were not utilized within this budget in the comparison of fiscal years instead of the current format. G. Gresch explained the revenues used to create the budget were based on approval from Council. Discussion ensued which format should be utilized in the future. T. Schuenke stated he thought both methods of comparison were helpful as he wanted to be able to compare financial figures from budget to budget and actual to budget as well so that if issues pop up in a year, the budget could be adjusted in future years to reflect those changes.

The Council thanked G. Gresch for her time spent in budget preparation and presentation.

J. Edwards, Lake Country Fire and Rescue Board Chief, explained the biggest issue for the proposed 2010 budget was related to the fire department merger and keeping services intact for all residents while expanding the department into two communities. The proposed revenue budget did show an increase that was related to call volume and reflected the loss of an annual contract for ambulance service with the Village of Nashotah due to the merger. With

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regard to the operations budget, there would be an increase due to a full-time clerk's position in the Fire Department and one full time firefighter was hired in July of 2009 and this yearly salary was reflected in this budget. There were also start-up costs and contingency fund expenses related to the merger as discussed previously by T. Schuenke. Paid on-call Staff expenses were not expected at this time as they were an excellent group of men and women and no changes were needed.

J. Edward explained that the renovation of the Nashotah Fire House was the responsibility of the Village of Nashotah; however, the design process for construction of that station was beginning with completion slated for July, 2010. Fire Department Staff would continue to be at the City's fire house full time until completed.

Discussion ensued regarding whether the fire budget could be called "revenue neutral" at this time. Mayor McAleer thought it would be three years before that answer would be known as it would take time to come together as a three-community unit. G. MacDougall stated it was important to look at what it would cost to provide fire services without the combined services in that it would most likely be revenue positive in the future but startup costs were to be expected. J. Krickhahn stated the Lake Country Fire Board thought the Chief's proposed revenues were very conservative at this time. T. Schuenke stated if the Chief had been asked to create a budget for these fire services for 2010, it would be unrealistic to expect that there would not be an increase. This year, the City was receiving "half" of a fire fighter, a clerical person, and legal fees paid, and he thought this demonstrated a positive effect already.

J. Edwards stated there would also be less duplication of apparatus and cost sharing for apparatus purchases in the future that would provide a savings to area residents as well.

On behalf of all present, Mayor McAleer thanked J. Edwards for his time and effort in providing budget information.

With regard to the Library budget proposed for 2010, T. Zignego explained the library was becoming increasingly busy and had the highest increase in usage for the entire County at 17%. The van delivery program had also increased 16% and programs included an increase of summer reading participants of 10%, making the library a valued City service. Discretionary and non-discretionary increases were noted with salaries and library expenses (for example, broadband fees) and health coverage and benefits creating the increases respectively. The proposed library budget of \$634,891 was requested as a result of these increases and would allow the library to move forward toward its goals for the Year 2010.

E. Sadowski thanked the Library Board for the Wine Tasting event held on Saturday, October 10, 2009 as he thought it an exceptional experience for all that attended.

On behalf of all present, Mayor McAleer thanked T. Zignego for her time and effort in providing budget information. City of Delafield Police Chief S. Taubel complimented T. Schuenke on his budget presentation. He explained the proposed 2010 Budget for the Police Department was one of the most challenging budgets to compile in the last 15 years due to the economic times. He explained a half time clerical position was eliminated and this would impact other areas of the department as she had provided many services within the department. Because of the need for Fire Department clerical staff, no layoffs were required within the department. With regard to operations, the Suburban patrol vehicle was to be replaced as part of a six year replacement cycle. This was eliminated from the budget for this year and was slated for 2011. In addition, the mobile data computers in the squad cars also required replacement but were extended another year also. Chief Taubel was concerned about these computers as four years was typically the limit on their duration due to the extreme environments they were subjected to in the course of patrol work. Overall, the budget had been reduced \$73,842 to meet the state mandated levy cap. All increases were due to contractual or equipment replacement costs that provided the City with a "bare bones" budget that would allow services to be maintained and also continue to meet the needs of the community.

In response to a question from B. Leonard, Chief Taubel explained the Boating Safety class and Hunter Safety programs had been removed from the budget at this time as they required a great deal of manpower without

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significant revenue being generated. He noted that with careful management of the overtime portion of the departmental budget, some courses could possibly be held.

In response to a question from G. MacDougall regarding the cost of the vehicles for the department, Chief Taubel explained a new squad car was purchased and paid for in full each year with a fourth marked vehicle for supervisors that was paid for over several years time.

On behalf of the Council, Mayor McAleer thanked Chief Taubel for his time spent addressing budget issues for this evening.

With regard to the safety classes that were eliminated from the Police Department budget, T. Hafner explained the DNR had provided grant opportunities related to the City's proposed dredging project. The grant that the City was most optimistic about was a DNR Waterways grant in the amount of approximately \$200,000 to \$400,000. As part of the application for this grant, the City had indicated boating safety classes were conducted annually, and if the grant was awarded, it would be imperative that this class was offered to city residents.

T. Hafner then reviewed the Department of Public Works (DPW) budget, noting this budget was comprised of other smaller budgets including highway and streets, cemetery, water utility, sanitary sewer utility, storm water utility and parks (maintenance). Staff had been directed to provide a budget with 3% or less increase and he had been able to provide that on three of the budgetary areas within the department. The primary general fund operating budget for the DPW included a 3.90% increase or \$45,670 over 2009 budget numbers. Increases within the budget included an increase in garbage collection largely as a result of the construction on the Delafield Lakes project, increased salt costs, and an additional allocation for weed harvesting. Reductions in the budget were found in fuel costs, utilities, street signs, recycling salary, engineering, street sealing, culverts/ditches, trees/brush, etc.

E. Sadowski questioned whether it would be more cost effective to mix sand and salt. T. Hafner explained there were currently six routes that were snow plowed. Of these routes, two used only salt as there were storm sewers that would become clogged with a "mix" and would then become costly to repair. On all other routes, a "50/50" mix was utilized. While he had heard of many other products in the marketplace that advertised similar results, a proven alternative had not yet been found in the industry and sand and salt were continuing to be used in the area.

With regard to the cemetery portion of the DPW budget, he noted while small, the cemetery had been operating at a loss and did not include perpetual maintenance. A proposed fee increase for grave sites and burial services had been heard at a recent Common Council meeting on this matter.

Capital equipment proposed included \$64,500 for a skid steer and trailer as well as \$11,500 for a loader attachment and snow bucket that would be utilized for more efficient snow removal in the downtown areas and around fire hydrants to maintain safety standards.

On behalf of the Council, Mayor McAleer thanked T. Hafner for his efforts in preparing for the proposed 2010 budget.

T. Schuenke noted the Capital Improvement Program (CIP) for 2010 would be reviewed by Park and Recreation Commission Chair C. Smith as it related to the maintenance of the parks.

C. Smith stated the Commission had undergone the same budgeting process the City's departmental Staff had undertaken in preparing for the budget for the Year 2010. Many ideas had been considered, such as a part-time Park Coordinator position that was no longer being considered for this budget and would be handled through Staff positions.

G. MacDougall questioned the expenditures proposed for a gazebo at Bostrom Park. C. Smith explained this item was part of the previous Five Year Master Plan for the parks and the Commission had wanted to finish off the items

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still requiring completion in that plan. This gazebo was one of those items and while not critical to function, he would like to see it remain in the plan and budget. Another item requested was a canopy to shield the west entrance of the Fish Hatchery building to provide cover when people entered the building. M. DeYoe stated she would like to see an actual number for an estimate prior to determining whether it should be pursued.

E. Sadowski noted the \$120,000 proposed for Oakwood Park in 2010. He questioned whether the Park and Recreation Surveys indicated a priority in design for the park usage in the future, and he also questioned whether preliminary results and design options had changed since the Park's last Master Plan and if so, could there be any potential reduction in this proposed amount with the possibility of the dredging project. C. Smith explained the dredging project would have no impact on the design and construction phasing of Oakwood Park as the most desirable portion of the park at this time was the northern portion and the dredging spoils would not be located in that area. Council had directed the Commission to determine a Five Year Master Plan and complete a community survey. Findings were being reviewed and before design money was spent, the Five Year Park's Master Plan would be finished and presented to the Council. The figures supplied in the proposed budget were the most recent numbers for the project at this time and until revisions to those plans were made, no additional dollar figures were available for the design and construction of this park. Other ideas such as a natural area and splash pad were also being considered for inclusion in the park design if determined to be desired by the public and affordable.

E. Sadowski suggested possible subdivision of the park as an alternative funding source as the revenue for those potential lots could be placed on the tax rolls. T. Hafner also suggested DNR grants were available for funding park development. C. Smith stated further understanding of funding sources and options for building were still being considered as the public tax rolls would not be the sole funder of Oakwood Park.

C. Smith explained, in response to a question from B. Leonard regarding equestrian trails in that area, that the trails had been removed from the budget quite a while ago. B. Leonard stated many area residents had questioned her on the maintenance of these trails and she questioned whether something could be done to offset the erosion impacts to the trail. C. Smith stated many trails and trail connections were being considered in the Five Year Master Plan for the parks and this plan would be presented to the Council before the end of the year.

E. Sadowski complimented the Commission on a job well done in preparing the Parks Master Plan and budget information. He also liked the uniform signage in the parks and careful consideration of the budget.

Mayor McAleer thanked all for being present, noting the Public Hearing on the Proposed 2010 City budget would be held on November 2, 2009 at 7:00 p.m. in the Council Chambers. Formal action would take place on the budget two weeks later at the next meeting of the Common Council.

Minutes Prepared By:

Accurate Business Communications, Inc.