



VILLAGE OF MENOMONEE FALLS
NOTICE OF PUBLIC MEETING
www.menomonee-falls.org

COMMITTEE OF THE WHOLE
Menomonee Falls Village Hall, Room 2245
W156N8480 Pilgrim Road, Menomonee Falls, WI
Monday, October 16, 2017
following the regular Village Board Meeting

**The Committee of the Whole meeting will not be streamed live
nor will it be broadcast on local cable.**

1. Call to Order
2. Presentation of the Proposed 2018 Village Operating Budget by the Village Manager and Staff
3. Adjournment

THIS AGENDA IS SUBJECT TO REVISION

**No action will be taken on these items at the Committee of the Whole Meeting.
This meeting is for discussion only.**

Members of other Village committees, boards, commissions and authorities may attend and participate at this meeting, but will not take official action unless the notice so provides.

No qualified individual with a disability shall, by reason of that disability, be excluded from participation in or be denied benefits of the services, programs, or activities of the Village of Menomonee Falls, or be subject to discrimination by the Village. If you are disabled and require special accommodation, please advise the Village Clerk's Office at (262) 532-4200 no later than 5 days before the scheduled meeting or activity.



Committee of the Whole

2.

Meeting Date: 10/16/2017

Topic: Presentation of the Proposed 2018 Village Operating Budget

From: Jason Kaczmarek, Director of Financial Services

Department: Financial Services

Presenter: Mark Fitzgerald

Information

Subject:

Presentation of the Proposed 2018 Village Operating Budget by the Village Manager and Staff

Background Information:

Key Issues for Consideration:

Action By Committee or Village Board:

Attachments

Proposed Budget Presentation

VILLAGE OF MENOMONEE FALLS

2018

PROPOSED BUDGET

OVERVIEW

Village Tax Levy Increase

- The Village is allowed by state law to increase tax levy revenue by the increase in value due to new construction.

□ Actual budgeted increase of **2.4%** **\$546,000**

□ Total proposed tax levy **\$23,513,000**

- *Distributed to all needs, General Fund, Library, and Storm Water Utility*

New Construction (Waukesha County)

(in millions)

| Rank | Municipality | Equal. Value | New Const. | Percent | Rank | Municipality | Equal. Value | New Const. | Percent |
|----------|-----------------------------------|--------------|--------------|--------------|------|----------------------------|--------------|------------|---------|
| 1 | Town of Brookfield | 1,022 | 161.0 | 15.75% | 20 | Village of Wales | 365 | 9.0 | 2.47% |
| 2 | Village of Menomonee Falls | 4,728 | 113.8 | 2.41% | 21 | Town of Waukesha | 949 | 8.2 | 0.87% |
| 3 | City of Brookfield | 6,790 | 99.4 | 1.46% | 22 | Village of Oconomowoc Lake | 334 | 8.0 | 2.40% |
| 4 | City of Waukesha | 5,877 | 82.0 | 1.40% | 23 | Village of Merton | 404 | 7.0 | 1.72% |
| 5 | City of Pewaukee | 2,945 | 70.1 | 2.38% | 24 | Village of North Prairie | 225 | 5.3 | 2.35% |
| 6 | City of Muskego | 2,767 | 50.3 | 1.82% | 25 | Village of Big Bend | 149 | 4.8 | 3.25% |
| 7 | Village of Hartland | 1,211 | 45.8 | 3.79% | 26 | Town of Vernon | 848 | 4.8 | 0.57% |
| 8 | City of New Berlin | 4,957 | 41.3 | 0.83% | 27 | Town of Ottawa | 524 | 4.3 | 0.82% |
| 9 | City of Oconomowoc | 2,010 | 37.9 | 1.88% | 28 | Village of Chenequa | 464 | 4.1 | 0.89% |
| 10 | Town of Delafield | 1,512 | 29.0 | 1.92% | 29 | Village of Lannon | 126 | 3.7 | 2.96% |
| 11 | Village of Sussex | 1,268 | 26.4 | 2.08% | 30 | Town of Eagle | 448 | 3.7 | 0.82% |
| 12 | City of Delafield | 1,356 | 19.1 | 1.41% | 31 | Village of Pewaukee | 961 | 3.3 | 0.34% |
| 13 | Town of Lisbon | 1,165 | 17.4 | 1.49% | 32 | Town of Mukwonago | 850 | 3.0 | 0.35% |
| 14 | Village of Mukwonago | 785 | 16.2 | 2.07% | 33 | Village of Eagle | 159 | 2.8 | 1.77% |
| 15 | Town of Oconomowoc | 1,456 | 12.7 | 0.87% | 34 | Village of Butler | 252 | 1.9 | 0.75% |
| 16 | Village of Summit | 969 | 10.5 | 1.09% | 35 | Village of Dousman | 180 | 1.0 | 0.54% |
| 17 | Village of Elm Grove | 1,112 | 10.1 | 0.91% | 36 | Village of Nashotah | 178 | 0.9 | 0.53% |
| 18 | Town of Merton | 1,526 | 9.3 | 0.61% | 37 | Village of Lac La Belle | 111 | 0.7 | 0.64% |
| 19 | Town of Genesee | 939 | 9.0 | 0.96% | | | | | |

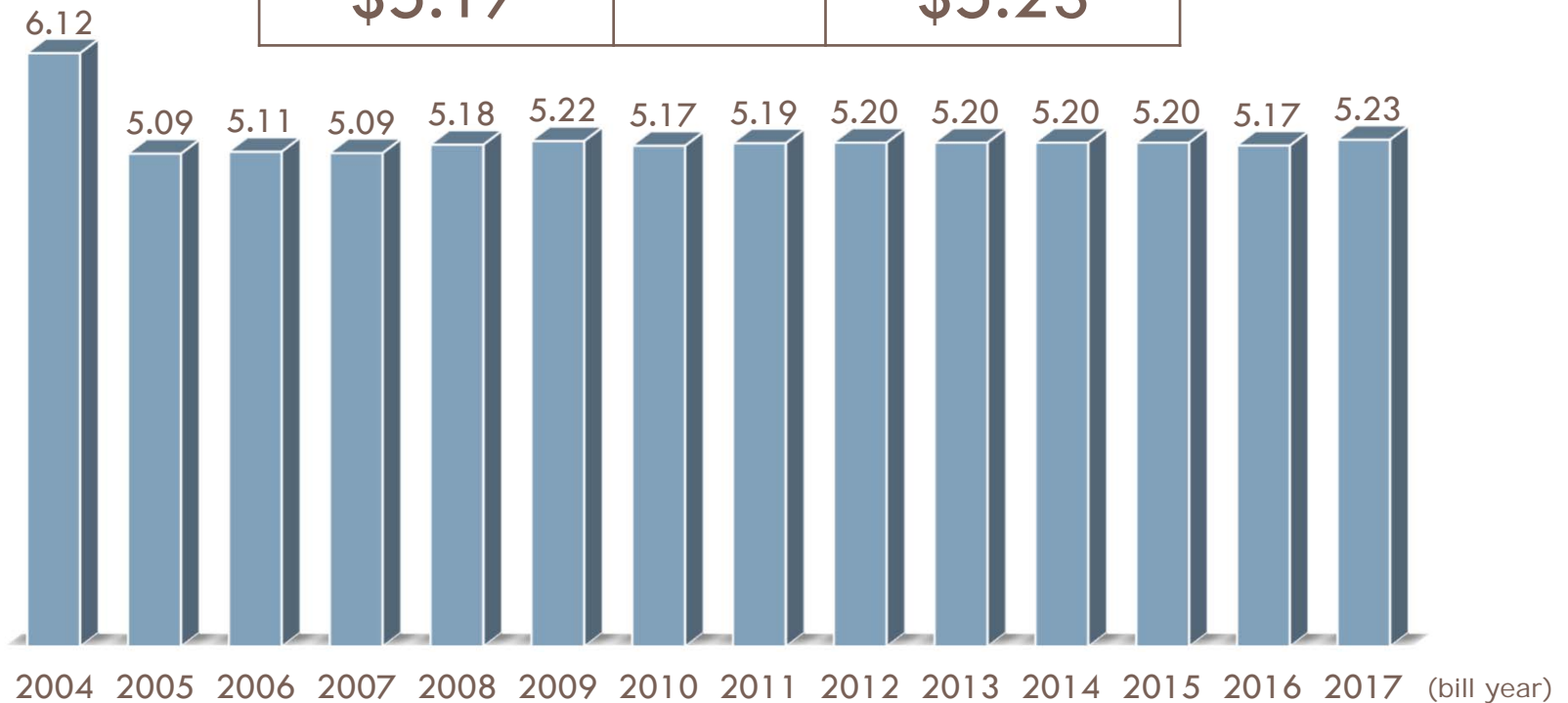
Distribution of Tax Levy

| | <u>2016 for 2017</u> | <u>2017 for 2018</u> | <u>\$ Change</u> | <u>% Change</u> |
|---------------|--------------------------|--------------------------|-----------------------|---------------------|
| General Fund | 18,000,000 | 18,493,000 | 493,000 | 2.7% |
| Debt Service | 2,331,000 | 2,357,000 | 26,000 | 1.1% |
| Library | 1,705,000 | 1,732,000 | 27,000 | 1.6% |
| Storm Water | 931,000 | 931,000 | - | - |
| Totals | <u><u>22,967,000</u></u> | <u><u>23,513,000</u></u> | <u><u>546,000</u></u> | <u><u>2.4%</u></u> |

VILLAGE TAX RATE

(PER \$1,000 OF ASSESSED VALUE)

| | | |
|---------------|-----------|---------------|
| 2016 | vs | 2017 |
| \$5.17 | | \$5.23 |



Utilizing the full levy sets the tax rate at \$5.23 (per thousand) for 2017.

Impact of Tax Rate Increase

\$250,000
Assessed Home




Rate Increase
to 5.23

*Per \$1,000 of Assessed Value



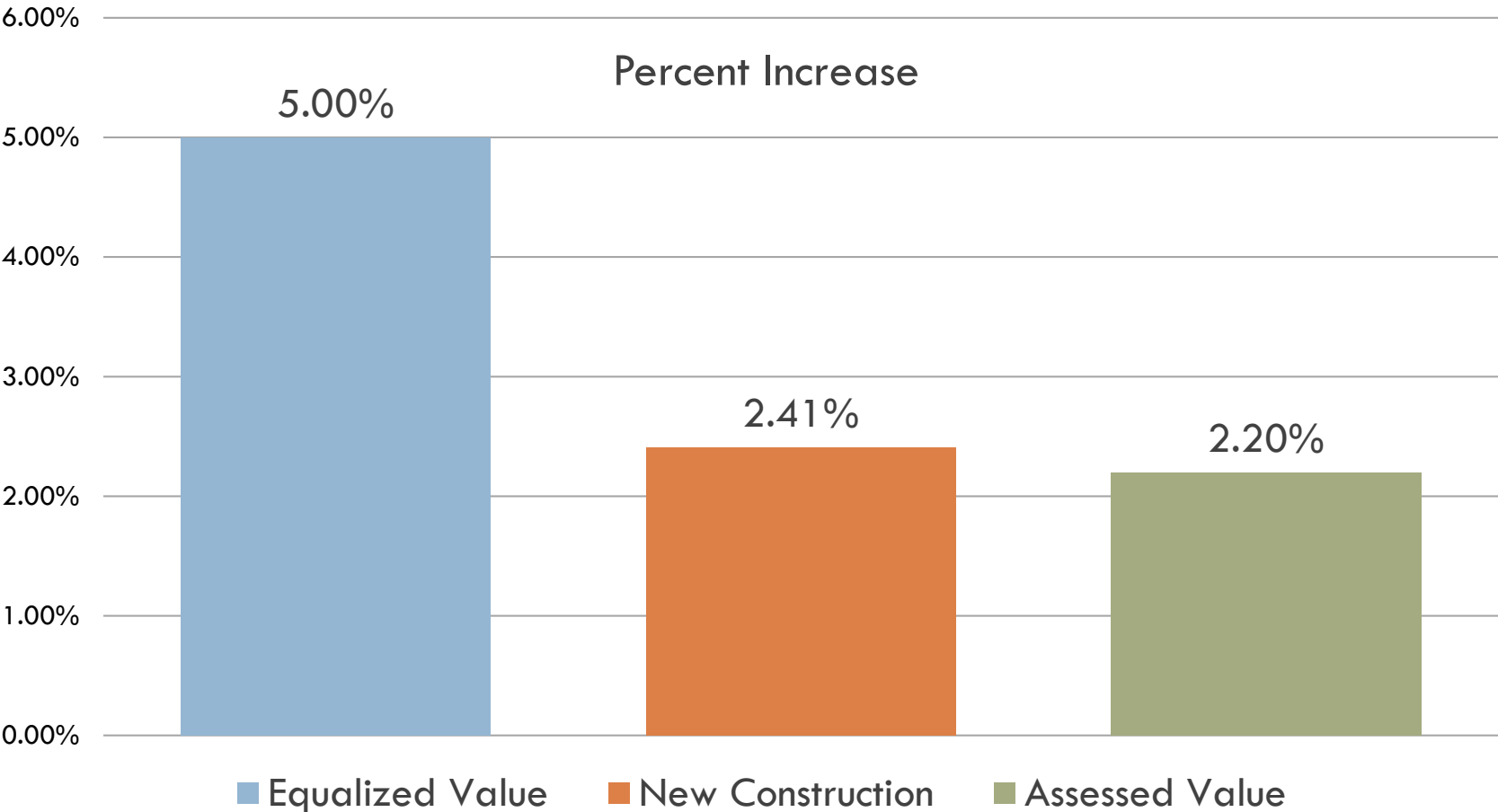
Overall Impact

| | |
|--|-------------|
| 2017 Tax Rate | 5.23 |
| 2016 Tax Rate | <u>5.17</u> |
|  Increase | <u>0.06</u> |



| | |
|--------------|-------------|
| Home Value | \$250,000 |
| x Increase | 0.06 |
| Total Impact | <u>\$15</u> |

New Construction & Effect on Tax Rate



Village Funds

- Each fund is accounted for separately and is self-balancing as if it were its own entity.

- For example; a TID fund is accounted for separately from the General Fund or any other fund for that matter
- Some funds are mandatory (such as the General Fund)
- Others are voluntary (such as the Municipal Facilities & Equipment Fund)

- Certain funds are business-like in nature and are accounted for like a business. The Village has three business-like or “enterprise” funds:

- Water Utility
- Sewer Utility
- Storm Utility

Fund Revenue Source/Use Summary

| FUND | EXPENDITURES | MAJOR REVENUE(S) |
|----------------------------------|--|---|
| <u>Governmental Funds</u> | | |
| General Fund | Police, Fire, EMS, Public Works, Development, Admin, (all Gen Gov) | <u>Tax Levy</u> , State Revenues |
| Solid Waste Collection | Garbage, Recycling | <u>User fees</u> , Tax Levy |
| Library | Library operations/maintenance | <u>Tax Levy</u> |
| Tax Incremental Districts | Street and utility infrastructure as well as development grants/assistance | <u>TID-generated tax increment</u> (from property value increment) |
| <u>Enterprise Funds</u> | | |
| Water Utility | Utility operations | <u>User fees</u> |
| Sewer Utility | Utility operations | <u>User fees</u> |
| Storm Utility | Utility operations | <u>Tax Levy</u> |



General Fund Revenue Summary

| | 2017 Budget | 2018 Budget | % | \$ Change | % Change |
|---------------------|-----------------------------|-----------------------------|----------|----------------------------|---------------------|
| Taxes—General | \$ 17,999,639 | \$ 18,493,000 | 68% | \$ 493,361 | 2.7% |
| Intergovernmental | 2,659,770 | 3,176,100 | 12% | 516,330 | 19.4% |
| Public Charges | 1,412,199 | 1,498,200 | 5% | 86,001 | 6.1% |
| Water Utility taxes | 1,370,000 | 1,400,000 | 5% | 30,000 | 2.2% |
| Licenses/Permits | 1,078,600 | 1,034,300 | 4% | (44,300) | (4.1%) |
| Fines/Penalties | 622,700 | 573,000 | 2% | (49,700) | (8.0%) |
| Other | 945,112 | 1,220,600 | 4% | 275,488 | 29.1% |
| | <u>\$ 26,088,020</u> | <u>\$ 27,395,200</u> | | <u>\$ 1,307,180</u> | <u>5.0%</u> |

General Fund Expenditures by Function

| | 2017 Budget | 2018 Budget | % | \$ Change | % Change |
|---------------|-----------------------------|-----------------------------|----------|----------------------------|---------------------|
| Public Safety | \$ 14,883,247 | \$ 15,719,300 | 56% | \$ 836,053 | 5.6% |
| Public Works | 4,158,745 | 4,360,400 | 16% | 201,655 | 4.8% |
| General Gov. | 4,130,529 | 4,290,800 | 16% | 160,271 | 3.9% |
| Development | 1,241,049 | 1,282,900 | 5% | 41,851 | 3.4% |
| Recreation | 938,950 | 984,800 | 4% | 45,850 | 4.9% |
| Transfers out | 735,500 | 757,000 | 3% | 21,500 | 2.9% |
| | <u>\$ 26,088,020</u> | <u>\$ 27,395,200</u> | | <u>\$ 1,307,180</u> | <u>5.0%</u> |

General Fund Expenditures by Classification

| | 2017 Budget | 2018 Budget | % | \$ Change | % Change |
|-----------------|------------------------|------------------------|----------|----------------------|---------------------|
| Personnel | \$ 16,589,661 | \$ 17,535,000 | 63% | \$ 945,339 | 5.7% |
| Other operating | 5,605,008 | 5,630,000 | 21% | 24,992 | 0.4% |
| Contracts | 1,767,481 | 1,840,200 | 7% | 72,719 | 4.1% |
| Capital | 1,390,370 | 1,633,000 | 6% | 242,630 | 17.5% |
| Transfer out | 735,500 | 757,000 | 3% | 21,500 | 2.9% |
| | <u>\$ 26,088,020</u> | <u>\$ 27,395,200</u> | | <u>\$ 1,307,180</u> | <u>5.0%</u> |

NEW for 2018



- Addition of 6 full-time Fire/EMS employees
 - ▣ Decrease in part-time Fire/EMS employees

- Addition of 3 full-time Police Officers
 - ▣ Federal C.O.P.S. Grant

- New Health Insurance Plan – 3% increase

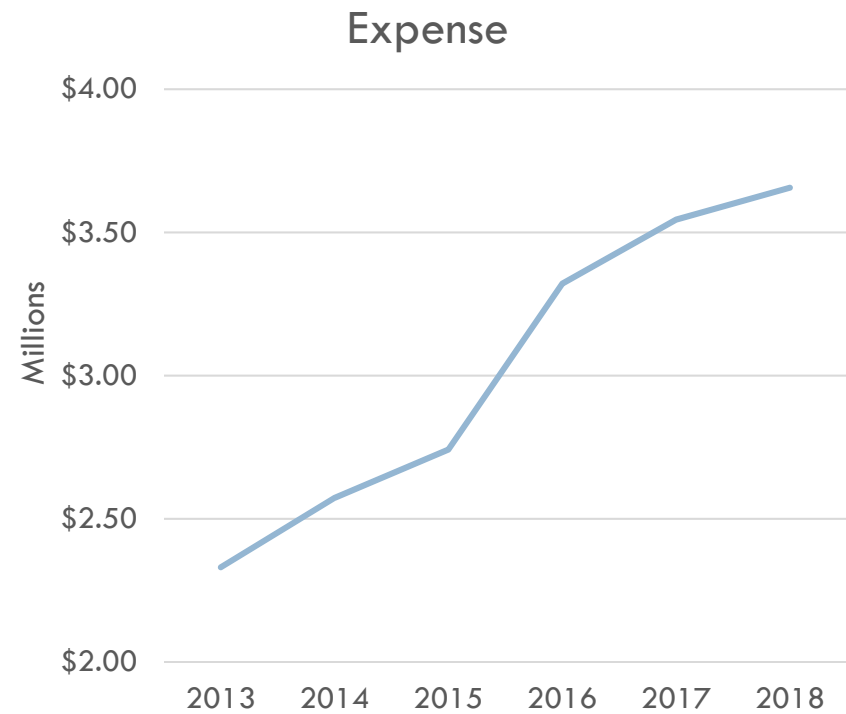
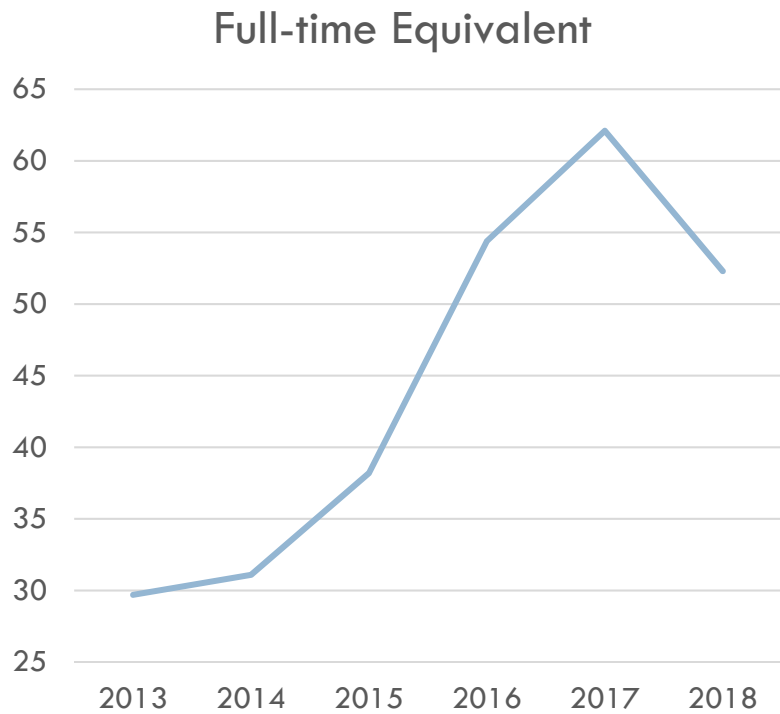
Personnel Full-Time Equivalents

| 2015 | 2016 | 2017 | | 2018 | 2018 | 2018 | |
|---------------|---------------|---------------|------------------------------------|------------------|------------------|---------------|---------------|
| Budget | Budget | Budget | | Part-time | Full-time | Budget | Change |
| 26.4 | 25.1 | 25.1 | General Government | 3.1 | 22.0 | 25.1 | - |
| 11.5 | 10.5 | - | Emergency Dispatch | - | - | - | - |
| 71.3 | 71.3 | 78.3 | Police | 6.3 | 75.0 | 81.3 | 3.0 |
| 38.2 | 54.4 | 62.1 | Fire/EMS | 30.3 | 22.0 | 52.3 | (9.8) |
| 19.7 | 20.2 | 20.1 | Public Works | 0.4 | 20.0 | 20.4 | 0.3 |
| 5.4 | 5.4 | 5.4 | Culture and Recreation | 1.6 | 4.0 | 5.6 | 0.2 |
| 16.1 | 16.1 | 16.1 | Development | 0.6 | 16.0 | 16.6 | 0.5 |
| 188.6 | 203.0 | 207.1 | Total General Fund | 42.3 | 159.0 | 201.3 | (5.8) |
| 20.1 | 20.1 | 20.0 | Library | 8.0 | 12.0 | 20.0 | - |
| 14.9 | 14.9 | 14.0 | Water Utility * | - | 14.0 | 14.0 | - |
| 4.4 | 4.4 | 4.4 | Sewer Utility * | 0.4 | 4.0 | 4.4 | - |
| 39.4 | 39.4 | 38.4 | Total Other Funds | 8.4 | 30.0 | 38.4 | - |
| 228.0 | 242.4 | 245.5 | Total Full-Time Equivalents | 50.7 | 189.0 | 239.7 | (5.8) |

Note: Positions paid with a stipend (such as trustees and election workers) are not included above.

* Employees with duties split between the Water and Sewer Utilities are counted in the Water Utility.

Fire & EMS Personnel History



Municipal Facilities & Equipment Fund

- Funding for major municipal facility infrastructure, such as:
 - ▣ New DPW Facility
- Internal loans for equipment purchases, such as:
 - ▣ Fire Rescue Engine - \$760,000
 - ▣ Ambulance - \$250,000
 - ▣ Plow Truck - \$190,000
- Major source of revenues
 - ▣ Tipping Fees – approximately \$3 million per year
- Significant projected cash reserves in future years
 - ▣ Future internal infrastructure loan program
 - Interest savings

Solid Waste Collection Fund

| | 2017 Budget | 2018 Budget | \$ Change | % Change |
|----------------------------|----------------------------|----------------------------|---------------------------|---------------------|
| <u>Revenues</u> | | | | |
| Fees | \$ 1,242,000 | \$ 1,244,000 | \$ 2,000 | 0.2% |
| State aids | 75,000 | 80,000 | 5,000 | 6.7% |
| Other | 2,000 | 50,000 | 48,000 | * |
| | <u>1,319,000</u> | <u>1,374,000</u> | <u>55,000</u> | <u>4.2%</u> |
| <u>Expenses</u> | | | | |
| Garbage | 1,433,000 | 1,488,800 | 55,800 | 3.9% |
| Recycling | 526,500 | 547,200 | 20,700 | 3.9% |
| | <u>1,959,500</u> | <u>2,036,000</u> | <u>76,500</u> | <u>3.9%</u> |
| Net loss | <u>\$ (640,500)</u> | <u>\$ (662,000)</u> | <u>\$ (21,500)</u> | <u>3.4%</u> |
| <u>Transfers-in</u> | | | | |
| General Fund | <u>\$ 640,500</u> | <u>\$ 662,000</u> | <u>\$ 21,500</u> | <u>3.4%</u> |

Library Operations & Maintenance

| | 2017 Budget | 2018 Budget | \$ Change | % Change |
|-----------------|------------------------|------------------------|----------------------|---------------------|
| Revenues | | | | |
| Property taxes | \$ 1,704,878 | \$ 1,732,000 | \$ 27,122 | 1.6% |
| Other revenues | 102,913 | 107,181 | 4,268 | 4.1% |
| | <u>1,807,791</u> | <u>1,839,181</u> | 31,390 | 1.7% |
| Expenses | | | | |
| Operations | 1,520,086 | 1,552,281 | 32,195 | 2.1% |
| Maintenance | 287,705 | 286,900 | (805) | (0.3%) |
| | <u>1,807,791</u> | <u>1,839,181</u> | \$ 31,390 | 1.7% |

Water Utility

| | 2017 Budget | 2018 Budget | \$ Change |
|-----------------------------------|------------------------|------------------------|----------------------|
| Operating revenues | \$ 6,821,500 | \$ 7,079,900 | \$ 258,400 |
| Operating expenses | (6,723,349) | (6,986,715) | (263,366) |
| Operating income (loss) | 98,151 | 93,185 | (4,966) |
| Other income (expense) | 398,233 | 531,500 | 133,267 |
| Net income (loss) | 496,384 | 624,685 | 128,301 |
| Add back depreciation | 1,670,000 | 1,680,000 | 10,000 |
| Approx. cash income (loss) | \$ 2,166,384 | \$ 2,304,685 | \$ 138,301 |

- Water Utility rates are controlled by the WI Public Service Commission (PSC).
- Current rates appear to give the utility reasonable financial results.

Sanitary Sewer Utility

| | 2017 | 2018 | \$ |
|-----------------------------------|---------------------|---------------------|-------------------|
| | Budget | Budget | Change |
| Operating revenues | \$ 7,814,200 | \$ 8,560,000 | \$ 745,800 |
| Operating expenses | (10,768,395) | (10,852,650) | (84,255) |
| Operating income (loss) | (2,954,195) | (2,292,650) | 661,545 |
| Other income (expense) | 618,986 | 634,950 | 15,964 |
| Net income (loss) | (2,335,209) | (1,657,700) | 677,509 |
| Add back depreciation | 1,400,000 | 1,410,000 | 10,000 |
| Approx. cash income (loss) | \$ (935,209) | \$ (247,700) | \$ 687,509 |

- MMSD capital charges are essentially inelastic relative to sewer consumption.
 - Conservation has outpaced increases in consumption from new growth.

Sanitary Sewer Rate Increase



- Proposed 6% rate increase effective 2018
 - ▣ Quarterly Rate per 1,000 gallons - Increase
 - \$5.76 to \$6.60
 - ▣ Quarterly Connection Charge – Decrease
 - \$69.45 to \$66.76

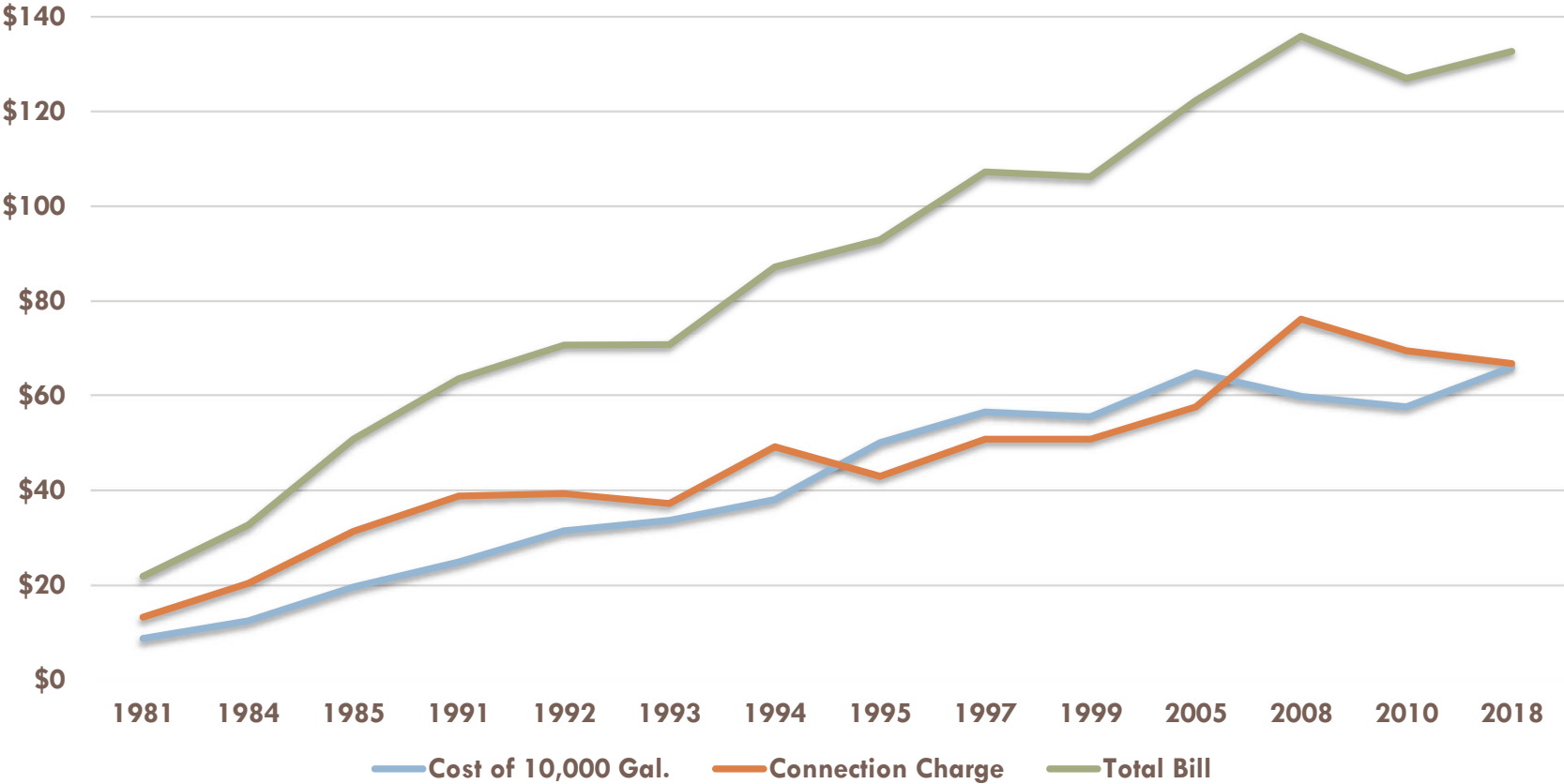
- Impact on average resident's quarterly bill
 - ▣ Increase of \$5.71

- Additional future rate increases
 - ▣ Reserve capacity for annual capital MMSD payment

Sanitary Sewer Quarterly Bill History



Average Customer – 10,000 Gallons Usage



Storm Water Utility

| | 2017 | 2018 | \$ |
|-----------------------------------|-------------------|-------------------|--------------------|
| | Budget | Budget | Change |
| Operating revenues | \$ 962,750 | \$ 975,500 | \$ 12,750 |
| Operating expenses | (1,366,760) | (1,408,840) | (42,080) |
| Operating income (loss) | (404,010) | (433,340) | (29,330) |
| Other income (expense) | (95,244) | (93,400) | 1,844 |
| Net income (loss) | (499,254) | (526,740) | (27,486) |
| Add back depreciation | 660,000 | 665,000 | 5,000 |
| Approx. cash income (loss) | \$ 160,746 | \$ 138,260 | \$ (22,486) |

- The Storm Utility was created with the intention of charging user fees like the other utility enterprise funds; however, this never happened, and now current state law makes it very difficult to switch to a user fee basis.
 - The Storm Utility is currently funded by tax levy.
- Stricter and costlier DNR water quality standards put pressure on us to increase the tax levy.
- 2018 policy discussion necessary on this issue; possible use of Public Fire Protection fee as alternative funding.

Long-Term Debt Outstanding (in millions)

| <u>Revenue Source</u> | <u>12/31/16</u> | <u>12/31/17</u> | <u>%</u> | <u>\$ Change</u> | <u>% Change</u> |
|-------------------------|-----------------------|------------------------|----------|----------------------|---------------------|
| Tax Increment | \$ 58.0 | \$ 54.6 | 54% | \$ (3.4) | (5.9%) |
| Tax levy | 17.3 | 16.8 | 17% | (0.5) | (2.9%) |
| Tipping Fees | 10.8 | 20.7 | 20% | 9.9 | 91.7% |
| Utility Service Charges | 8.4 | 8.8 | 9% | 0.4 | 4.8% |
| Special Assessments | 0.4 | 0.3 | 0% | (0.1) | (25.0%) |
| | <u><u>\$ 94.9</u></u> | <u><u>\$ 101.2</u></u> | | <u><u>\$ 6.3</u></u> | <u><u>6.6%</u></u> |

The Village is well within its legal G.O. debt limit of \$248 million

SUMMARY

- Village General Operating budget increased 5.0%
 - Includes increase in Police personnel
 - Creates more full-time Fire positions
- Village tax levy increase of 2.4%
- Estimated Tax Rate increased to \$5.23 per \$1,000 assessed value (an increase from \$5.17 in the prior year)
 - \$15 tax bill increase on average home assessed at \$250k
- Solid Waste charge for refuse collection and recycling special charge on the tax bill - \$100.12 (No increase on 2017 tax bill)