

**Minutes of the Finance Committee
Village of Shorewood Hills**

Wednesday, September 24 2014

(scheduled for review at the next Finance Committee meeting)

1. **Called to Order at 5:30 p.m.:**
 - A. **Roll Call:** Committee Members Present: Chair/Village Trustee Dave Benforado, Village President Mark Sundquist, Village Treasurer David Kuenzi, Dave Ahmann, Fred Wade, Karl Wellensiek. Gard Strother arrived at 5:37 p.m.
 - B. **Others Present:** Village Administrator Karl Frantz, Village Clerk Cokie Albrecht, Village Trustee Mark Lederer.

2. **Meting Notice:** D.Benforado inquired and K.Frantz confirmed that the meeting had been properly posted in compliance with open meeting laws.

3. **Approval of Prior Meeting Minutes:** the Committee reviewed the draft minutes from the September 10, 2014, Finance Committee meeting. **Motion to approve the minutes by K.Wellensiek, second by F.Wade. Motion passed (6-0).**

4. **2015 Village Budgets:** K.Frantz distributed and the Committee discussed his two-page memo summarizing the proposed 2015 Village General Fund Budget to date, and a detailed budget worksheet showing the line by line changes and options to date:
 - A. **General Fund and Fund Balance:** The proposed 2015 general fund budget has a \$147K deficit. The only application of fund balance is the \$79K from the sale of Fire/EMS equipment (the remainder, an equal amount, being reserved and assigned for the 2016 budget). Fund balance going forward will be in the health range of \$750K-\$775K. There may be a need to make some short-term use of the Fund Balance to cover fund deficits in the water utility budget and in TID #4 that should be repaid over the long term.
 - B. **Options to Close the 2015 Budget Gap:** Frantz summarized and the Committee discussed various methods to close the \$147K gap between 2015 revenues and expenses, including \$116K in additional revenues and \$61K in expense reductions. While the Committee made various recommendations below, it realized that many of these items are really policy matters for the Board to discuss and decide on (M.Sundquist and D.Benforado indicated they will bring these items to the Board on October 25 for Board direction).
 1. **Increase 2015 Village levy to allowable limit by utilizing statutorily allowed carryover of a portion of unused levy from last year (\$37K):** adding this amount to the levy (on top of the addition of \$40K allowed by the substantial increase in the value of new construction) would require a

$\frac{3}{4}$ vote by the Village Board. General consensus of the Committee was to include this item.

2. **Misc additional revenues (\$14.5K):** \$5K from sale of two old Village vehicles ('08 PD squad and an older PD squad), \$6K from increase in the number of parking violations, and \$3.5K net of other incremental adjustments. General consensus of the Committee was to include these items.
3. **Potential additional building permit revenue (\$65K):** if a Marshall Court redevelopment projects (i.e., 700 University Bay Drive) proceeds, is approved and built in 2015, there will be significant additional building permit revenue (roughly \$65K). There are also other redevelopment projects that could possibly occur in 2015 including ATT Plaza and Pyare Square on University Ave. The consensus of the Committee was to not include this additional revenue, although it may very well occur, and to instead apply additional fund balance in approximately this amount, knowing that the additional fund balance application will in all likelihood not be necessary because this additional building permit revenue will probably occur.
4. **Transfer recycling costs from the tax levy to a fee on the utility bill (\$24K):** approximately \$24K of the \$95K contract with Pelliteri is for recycling costs (the blue bins). According to a new state law, the transfer of garbage collections costs from the general fund to a fee would require a corresponding reduction in the tax levy, but this new law does not apply to recycling costs. This would have worked out to roughly a new \$8.50 fee on each home's quarterly bill or an additional \$34/year. The consensus of the Committee was to not recommend this change, and keep funding the recycling costs through the general fund.
5. **Eliminate additional new annual payment to Madison Metro Bus (\$15K):** for the last many years, Madison Metro has requested a contribution from the Village to the help fund Metro's annual budget deficit, based on the premise that Village residents benefit from the Madison Metro. \$15K approximates an additional voluntary contribution, over and above the existing \$10K that the Village has paid for each year for paratransit service from Metro. The consensus of the Committee was to not eliminate this item.
6. **Eliminate monthly Village Bulletin printing and mailing expense (\$13K):** the general consensus of the Committee was to eliminate this expense, and go to a system in which e-mail addresses were regularly sought from Village residents and businesses for monthly e-distribution of the Bulletin, with printed copies available for free at the Village counter or via US Mail for the cost of postage.

7. **Eliminate the Annual Village Recognition Dinner expense (\$4K):** the consensus of the Committee was to not eliminate this expense.
8. **Net additional expense reductions (\$9K):** the Committee recommended these expense reductions (itemized on the detailed budget spreadsheet).

The Committee asked K.Frantz to implement the above modifications to the draft 2015 budget for review at the next meeting (all of which will narrow the budget gap from \$147K to roughly \$8K), to continue to fine tune the budget and seek any additional 2015 revenue sources and expense reductions (including checking with the Village insurance providers to see if any adjustments make sense).

5. **Other Draft 2015 Village Budgets:** Frantz distributed draft copies of the other proposed 2015 Village Budgets (i.e., debt service, water, sewer, stormwater, marina, pool, TID #3 and TID #4) along with a four-page summary memo for the Committee to review at its next meeting.
6. **Future Meeting Dates:** the Committee agreed to meet on:
 - A. Wed., October 15 (5:30 p.m.);
 - B. Wed., October 29 (5:30 p.m.); and
 - C. Wed., November 12 (5:30 p.m.).
7. **Adjourned:** at 6:59 p.m.

Respectfully submitted by Dave Benforado on September 29, 2014.