

# MINUTES OF THE FINANCE COMMITTEE VILLAGE OF SHOREWOOD HILLS

**Monday, July 11, 2016**

(to be scheduled for review at the next meeting of the Finance Committee)

1. The meeting was called to order at 5:32 pm.
2. Roll call: Committee members present were Chair/Village Trustee Fred Wade, Village President Mark Sundquist, Village Treasurer Sean Cote, Gard Strother and Karl Wellensiek. Carl Gulbrandsen arrived a few minutes late. Dave Ahmann was excused. Others present were Village Administrator Karl Frantz and Vicki Hellenbrand of Baker Tilly.
3. Meeting Notice: Karl Frantz confirmed compliance with the open meetings law.
4. Approval of Minutes: Motion to approve the draft minutes of the Committee's meeting on June 20, 2016 by Sean Cote and second by Gard Strother. Motion passed (5-0).
5. Report and Recommendation on Village Water Rate Case

Ms. Hellenbrand reported on the status of the Village Water Rate Case. She noted that the case has been scheduled for a hearing on July 26 and that a decision may be expected two weeks after the hearing, if the proposed rate increase is not contested.

Ms. Hellenbrand reiterated her previous recommendation that the Village accept the rate that the Public Service Commission (PSC) is willing to approve, but also recommended that the Village file a second rate case asking for relief with respect to the amount of the Public Fire Protection fee (PFP) that the Village would be required to pay. In this context, she noted that the PSC staff has prepared a report, that has not yet been submitted to the PSC, with two options for changes that: (1) could help the Village deal with the PFP issue; (2) the PSC staff thinks are good ideas.

She added that the cost of filing a second rate case would be minimal, perhaps \$1,000 or less.

Mark Sundquist moved that the Committee recommend to the Village Board that the Village file a supplemental rate case with the PSC to address the PFP issue, at a cost not to exceed a few thousand dollars. The motion was seconded by Karl Wellensiek. After some further discussion, the Motion passed (6-0).

6. Report and Recommendation on Village Sewer Rates

Ms. Hellenbrand also reported on the need and status of a proposed increase in the Village sewer rates. She noted that the Village has not increased rates for a number of years, and that there are two factors that require higher rates: (1) the Madison Metropolitan Sewer District (MMSD) has been increasing charges from 3 to 6% each year; and (2) the debt service of the Water Utility has increased as a result of replacing many of the Village sewers.

Ms. Hellenbrand recommended that the Village increase its sewer rates by 19%. She added that sewer rates are not regulated by the PSC, and that the increase is a decision for the Village Board.

Ms. Hellenbrand also recommended that the Village adopt a Purchase Treatment Adjustment Clause (PTAC), which would allow the Village to pass through future rate increases without the need for the Board to adjust the rates on an annual basis.

Mark Sundquist moved that the Committee recommend to the Village Board that the Village Sewer Utility initiate a 19% rate increase, effective for the fourth quarter of 2016, and that it also adopt a PTAC to permit future MMSD rate increases to be passed through to ratepayers, beginning in 2017.

During discussion of the motion, Karl Wellensiek emphasized that the Village should hold a hearing and give ratepayers notice of the proposed increases. The consensus of the Committee was that notice should be placed in the Village Bulletin in addition to any other notice that may be required. The Motion passed (6-0).

#### 7. Report on Village Capital Plan and Financing

Village Administrator Karl Franz reviewed a five year projection of the capital needs of the Village, which was updated as of July 8, 2016. He also discussed potential financing of the items discussed. No Committee action was required.

#### 8. Report on Village Revaluation

Karl Franz advised the Committee that the Village Board has decided to request proposals for a full revaluation of the Village, which would require assessor inspection of each property. He is working with Fred Wade to prepare the request for proposals, and was hopeful it could be issued next week. No Committee action was required.

#### 9. Next Meeting Dates

The Committee agreed no meeting would be necessary in August. The next meeting dates will be September 14 and 28, at 5:30 pm, when the Committee will begin work on preparation of the Village General Fund budget.

#### 10. Adjourn

The meeting was adjourned at 7:01 pm.