

**Village of Shorewood Hills  
Finance Committee  
Approved Meeting Minutes  
Thursday, September 20, 2018**

1. **Call to Order** – Finance Committee Chairperson Fred Wade called the meeting to order at 5:32 pm.
2. **Roll Call Committee** – Members present were Mr. Wade, Mark Lederer, Karl Wellensiek, and Sean Cote. Gard Strother arrived at 5:42 pm. Dave Ahmann and Carl Gulbrandsen were excused. Also in attendance were Village Administrator Karl Frantz, Administrative Services Manager/Deputy Clerk David Sykes.
3. **Note Compliance with open meeting laws** – Mr. Frantz confirmed the meeting had been properly posted and noticed.
4. **Review/approve July 11, 2018 minutes** – Mr. Lederer suggested some additional clarifications to his comments on the federal tax deduction limits at the February 14, 2018 meeting. Some additional clarifying words were added to the remainder of the minutes, along with some grammatical and spelling corrections. Mr. Cote moved and Mr. Lederer second a motion to approve the July 11, 2018 minutes with these changes. Vote: 4-0 (approved)
5. **Review and recommendation on debt issuance and timing for upcoming tax increment improvement and acquisition projects**

Mr. Frantz explained reviewed the TIF district current and expected debt that will need to be borrowed this year. TID IV was advanced money from the General Fund and is paying back about \$50K per year for the next few years. The remaining balance is \$184K. TID IV is responsible for the partial traffic signal being installed at Maple Terrace/University Ave (\$250K). TID III will need to pay for University Avenue reconstruction design costs over the next three year (\$348,500). The District will also have bills for land acquisition at University Station (\$225K) and Psychiatric Services (est. \$250K), along with Marshall Court reconstruction (\$905K) and completion of the Bike Path (\$207K). The total borrowing being proposed is about \$2,370,000.

Mr. Frantz referred to draft borrowing debt schedules and will be evaluating if the TIF Districts will be capable of paying the debt.
6. **Review Village debt capacity projections in association with capital plan**

Mr. Frantz explained that the proposed borrowing described above would not affect the Village's internal debt limit policy and bond rating as it relates to that policy because it is for the TIF Districts, not the General Fund, and the Districts would show that they could cover the debt service.

Mr. Frantz referred to charts that shows the Village is slightly above its self-imposed debt policy limit (principal and interest payments shall not exceed 25% of operating revenue) but well below the state requirement debt limit that outstanding debt principal shall not exceed 75% of statutory debt limit for all outstanding General Obligation debt). The

Village could manage borrowing for small projects/equipment (~\$100-200K) until the debt service begins to drop off in 2023.

Mr. Frantz explained that the proposed borrowing and future debt estimates do not take into account the excess cost of University Avenue reconstruction in 2021 that may not be covered by the TIF District(s). We may find the Districts do better than expected and there will be a larger surplus to apply to the University Avenue project. The Village may need to find creative ways to fund the debt needed for University Avenue.

**7. Status of pool and community center projects and planning**

Mr. Wade reported that the Pool Committee requested guidance from the Board on the Pool/Community Center building. Mr. Lederer added that the Pool Committee's position is that they do not need the Community Center level for Pool operations. A decision on the future of the building may need to be pushed forward to assist the Pool in its renovations after the flooding damage.

The Pool Committee identified three options: (1) Renovation and possible expansion of the existing structure to the north; (2) tear down the existing structure and construction of a new pool facility; and (3) remove the second floor of the existing structure.

Mr. Wade asked that members of the Finance Committee think about these options.

**8. Impact of flood on Village infrastructure as well as expenses associated with recovery**

Mr. Frantz explained the FEMA requirements for possible public and private sector assistance. He also discussed the impact on Village facilities. The Village buildings are covered by our property liability insurance but the stormwater facilities and marina access road do not appear to be covered.

Mr. Strother suggested checking the insurance policy again to see if some of these items should be covered. He offered to assist with the policy review. He also asked about reimbursement to marina and pool users that had their season cut short by the storm damage.

Mr. Frantz mentioned some questions that Committees and the Board will need to consider with respect to the stormwater facilities, if not covered by insurance and if FEMA assistance is delayed or is not granted:

Does the Village fix the stormwater facilities right away?

How does the Village pay for it? Stormwater Fund? If so, should the stormwater fee be increased?

**9. Initiate work on 2019 Village general fund budget**

Mr. Frantz reviewed a budget summary that he prepared. He compared the 2018 projected results to the 2018 Budget. Projected revenues are \$4,104,118 compared to \$3,978,316 budgeted for 2018, a variance of \$125,802. Projected expenses are \$4,054,634 compared to \$3,947,254 budgeted for 2018, a variance of \$107,380. That calculates to a \$49,484 surplus for 2018.

The increased revenue comes from the computer crash insurance claim settlement and unexpected building permit revenues. The increased expenses are predominately from data processing contractual costs (\$11,200), Police wages (\$33,000), fuel/oil costs

(\$8,500), insurance costs (\$8,000), flood debris removal costs (\$22,750), reforestation (\$5,000) and audit services (\$13,179).

Mr. Frantz reviewed the fund balance information for the General Fund.

At year-end of 2017 the General Fund had \$235,589 designated as Non-spendable, which included \$184,509 advanced to TIF IV. There was \$183,363 designated as Assigned, which included \$133,374 being applied to balance the 2018 budget. The projected surplus in 2018 will reduce the \$133,374 needed to balance the budget. The Unassigned balance was \$669,615.

At year-end of 2018, it is expected that the Assigned fund balance will be \$99,510 and the Unassigned fund balance will be \$719,099. The Non-spendable fund balance will depend on TID IV results. \$50K is budgeted to paid back to the General Fund or the \$184,509 advance could be paid back in full by borrowing money and having TID IV pay the debt service on that money rather than the General Fund.

The initial proposal for the 2019 Budget sets revenue at \$3,907,132 and expenses at \$4,042,825 for a deficit of \$135,693. That does not take into account the use of unassigned fund balance but it does include \$50K of TID IV payback. Expenses are \$95,571 more than the 2018 Budget (2.4% increase).

Some areas of increase include: debt service (\$32,000), Madison Fire contract (est. \$30,000), additional Police Officer (\$30,000), Forestry tree maintenance (\$15,000), street maintenance (\$10,000), and fuel/oil increase (\$7,000). There are some savings in other areas.

The Village's General Fund pays the Water Utility ~\$168K annually for Public Fire Protection (PFP). That payment could be moved off of the tax levy and paid as a fee on the utility bills (similar to the Stormwater fee). The Board engaged Baker Tilly to study and recommend options for the Village to direct bill the PFP fee. The 2019 Budget presently assumes the Village will move ¼ of the Public Fire Protection cost to a direct billed PFP fee (~\$42K). The Finance Committee will discuss the draft memo from Baker Tilly at a future meeting to make a recommendation to the Board on a PFP fee.

8. **Set next meeting date** – The Committee set its next meeting as Thursday, September 27, 2018 at 5:30 pm.
9. The meeting was **adjourned** at 7:33 pm.

Respectfully submitted,

David Sykes  
Administrative Services Manager/Deputy Clerk