

**Village of Shorewood Hills  
Finance Committee  
Approved Meeting Minutes  
Thursday, September 27, 2018**

1. **Call to Order** – Finance Committee Chairperson Fred Wade called the meeting to order at 5:30 pm.
2. **Roll Call Committee** – Members present were Mr. Wade, Sean Cote, Gard Strother and Carl Gulbrandsen. Dave Ahmann, Mark Lederer and Karl Wellensiek were excused. Also in attendance were Audit Manager Vicki Hellenbrand (Baker Tilly), Village Administrator Karl Frantz, Village Clerk Karla Endres and 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.
5. **Review of public fire protection expense and options for charging this expense including possible recommendations**  
Ms. Hellenbrand explained the purpose of the Public Fire Protection (PFP) fee. The main reason to move the PFP fee off of the tax levy is to free up levy capacity for other projects and to include properties that do not pay property taxes. The Village does not have any heavy water users (like a car wash) and there are only a handful of non-profits that do not pay property taxes.

The Village's water system is larger than needed for delivery of water and includes hydrants to provide fire protection. The water utility would charge the Village residents for including the hydrants and larger pipes that would not be needed, if not for the fire protection. The total cost for PFP paid from the levy is about \$169,000.

The Public Service Commission (PSC) recently did a study analyzing the costs included in municipal PFP fees to see if they were reasonable. The study concluded upsized pipes are not needed for fire protection in large cities. The larger pipes larger cities use to deliver water are adequate for fire flow and hydrants are the only additions to the system needed to fight fires. The PSC determined the pipe portion of the PFP fee should be eliminated. The PFP fee should be eliminated from the City of Madison. As a result, the Village could see a reduction in the PFP fee charged by the City of Madison on the Village's purchased water.

There is currently a legislative window that allows municipalities to move the PFP fee off of the property tax levy and charge it as a separate fee. That window could close again in the future.

In the past, the biggest complaint about moving the PFP fee off of the tax bill was that homeowners would no longer be able to deduct that amount when filing their income taxes. But, with the change in the law limiting property tax deductions to \$10,000, that argument does not apply to most Village residents.

Ms. Hellenbrand reviewed the various methods available to calculate and administer a PFP fee on the utility bills. Charging based on property value may be the most equitable method but may also be the most difficult to administer. In the Village, the amount paid by residents does not vary much between the various billing methods and Ms. Hellenbrand recommends utilizing the Equivalent Meter method to calculate the PFP fee.

Once a letter of intent is sent to the PSC, a public hearing would be set, and it takes the PSC 2-6 weeks to grant approval.

Mr. Cote expressed his concern that the recent property revaluation affected homes at the lower end of the spectrum more than others homes. These homes will experience more of the PFP fee increase proportionately than larger homes, if the fee is based on property values.

There was discussion about moving part or all of the PFP cost off of the tax levy. By consensus, the Committee thought it would be preferable to move the entire cost to a fee in 2019, rather than to phase in the changeover a couple of years.

Mr. Gulbrandsen moved and Mr. Cote seconded a motion to recommend to the Board that the Village move 100% of the PFP cost to the water utility bill using the Equivalent Meter method.

Vote: 4-0 (approved)

4. **Review/approve September 20, 2018 minutes** – Mr. Wade provided some clarification language to the draft meeting minutes and added information on the discussion of the pool/community center projects and planning item. Mr. Cote moved and Mr. Strother seconded a motion to approve the September 20, 2018 minutes with these changes.

Vote: 4-0 (approved)

6. **Review and recommendation on debt issuance and timing for upcoming tax increment district public improvements and acquisition projects**

Mr. Frantz had a meeting with Dan Lindstrom of Vierbicher and Brad Viegut of R.W. Baird about the tax increment districts and possible borrowing for various projects.

Mr. Frantz reviewed the items that are included in the proposed borrowing.

\$184,509 to repay an advance from the General Fund to TID IV

\$250,000 to pay for the partial signal at Maple Terrace/University Ave (TID IV)

\$348,500 for engineering costs related to 2021 University Ave reconstruction (TID III)

\$225,000 for University Station property acquisition for the bike path (TID III)

\$250,000 for Psychiatric Services property acquisition for the bike path (TID III)

\$905,000 for Marshall Court reconstruction (TID III)\*

\$207,000 for construction of the bike path (TID III)

\$2,370,009 in total

\* Marshall Court reconstruction could possibly be reduced by ~40%, if the work stopped behind University Station rather than going all the way to University Ave.

The Committee had previously expressed concern with the possible \$3.1M bill for University Ave reconstruction coming in 2021. Mr. Frantz explained TID III is projected to end with a

\$1.8M surplus that could be dedicated to the University Ave reconstructions. TID IV may be able to contribute some toward the Shorewood Boulevard/University Ave intersection. The Village will have to find creative ways to cover the remaining ~\$1M of the bill.

At its next meeting, Mr. Viegut will present borrowing options for the Committee to consider.

**8. Set next meeting dates**

The Committee decided to meet next on Thursday, October 4 at 6:00 pm.

*(Note: the meeting was subsequently rescheduled to Monday, October 8 at 5:30 pm).*

**7. Continue work on 2019 Village general and other fund budgets and possible recommendations**

Mr. Frantz reviewed the general fund budget highlighting the revenue projection changes for 2018 and adjustments to revenues and expenses for 2019. The proposed budget includes increased fees for licenses and permits, a portion of the PFP fee, reducing some expenses and a 3% wage adjustment (plus step increase). Mr. Frantz explained a 1% wage increase has about a \$10,000 impact on the general fund budget.

**9. The meeting was adjourned at 7:15 pm.**

Respectfully submitted,

David Sykes  
Administrative Services Manager/Deputy Clerk