

**Village of Shorewood Hills  
Finance Committee  
Approved Meeting Minutes  
Wednesday, July 10, 2019**

- 1. Call to Order**  
Finance Committee Chairperson Mark Lederer called the meeting to order at 5:31 pm.
- 2. Roll Call Committee**  
Members present were Mr. Lederer, Gard Strother, Karl Wellensiek, Dave Ahmann, Sean Cote, and John Imes. Carl Gulbrandsen was excused. Also in attendance Village Administrator Karl Frantz 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.
- 4. Review/approve June 12, 2019 Finance meeting minutes**  
Mr. Strother moved and Mr. Cote second a motion to approve the June 10, 2019 minutes. Motion approved 6-0-1 (Mr. Wellensiek abstaining because he did not attend the previous meeting).
- 5. Review of draft Village sustainability plan**  
This item was postponed until a future meeting.
- 6. Review Village capital plan, financing, debt capacity and possible recommendations**  
Mr. Frantz reviewed the status of the capital fund. The Village will remain near its internal debt limit until 2024-2025. The money on hand in the capital fund can be used to pay for equipment and projects over the next few years. Advances loaned to the water and sewer utilities will be paid back to the capital fund over that same period. In addition, the Village transferred residual money in the debt service fund to the capital fund in 2018. The capital improvement plan has been designed to use the funds available in the capital fund for the next few years until the Village's debt levels decrease.  
Mr. Frantz explained a capital fund detail worksheet that shows fund levels based on returns and projected expenses through 2023. A small deficit in the capital fund is projected for 2021. A larger deficit is projected for 2023 due to the expenses related to the Rustic Bridge replacement.  
Mr. Frantz reported there are some road projects (resurface Hunter Hill and/or Highbury Road) that may need to be done in 2020 but are not in the five-year capital plan. Each project could cost about \$50K. Committees may request other projects not in the capital plan. The Board may need to make some policy choices based on the funds available.  
Mr. Frantz has been in talks with Brad Viegut of Baird to determine what borrowing capacity the Village currently has without damaging its AAA bond rating and remaining below the internal debt limit. Mr. Viegut indicated that the Village could borrow ~\$1.1M from 2020-2024. Mr. Frantz cautioned that the Village should be judicious with this borrowing capacity because some large projects with unknown costs (i.e. University Avenue reconstruction) are coming in the next few years.

**7. Review and possible recommendations regarding stormwater utility rates**

Mr. Lederer explained that the stormwater utility is expected to show a deficit in 2019. The Finance Committee has been charged with task of determining if the Village should make a rate adjustment.

Mr. Frantz explained that expenses have outpaced revenues for years but it has been all right because the utility had built up a large surplus. Mr. Lederer added that the utility has not had a rate adjustment since its inception in 2007.

Mr. Frantz explained a spreadsheet of revenues, expenses and surplus (deficit) for the stormwater utility. Increasing the fee from \$9.18 per ERU (Equivalent Residential Unit) to \$13.00 per ERU will generate about \$211K additional revenue. That would cover the projected deficit in 2019 and slowly build a surplus in the utility without reducing current stormwater projects.

Mr. Imes asked about how the fees are calculated. Mr. Frantz said each residential lot, regardless of size, is considered 1 ERU. For commercial properties, an ERU is considered 2,941 S.F. of impervious surface. A calculation is made to determine each properties total ERUs. Mr. Imes was concerned that we are not incentivizing the installation of green infrastructure or raingardens. Mr. Frantz said there might be more efficient ways to promote conservation.

Mr. Lederer felt that the equity of how ERUs are calculated is a separate policy issue. Mr. Ahmann suggested an incremental increase to the utility fee over three years and possibly add a cost of living increase annually thereafter.

Mr. Cote was concerned about the projected deficit and would be in favor of doing the rate adjustment as soon as possible, rather than waiting until the beginning of 2020.

Mr. Cote moved and Mr. Wellensiek seconded a motion to recommend the Board increase the monthly stormwater fee from \$9.18 to \$13.00 per ERU for implementation as soon as practicable.

Motion approved 6-0.

**8. Set next meeting date**

The Committee decided not to meet in August ahead of the multiple budget meetings in September and October.

**9. The meeting was adjourned at 6:33 pm.**

Respectfully submitted,

David Sykes  
Administrative Services Manager/Deputy Clerk