

**Village of Shorewood Hills
Finance Committee
Approved Meeting Minutes
Wednesday, October 16, 2019**

1. Call to Order

Finance Committee member John Imes called the meeting to order at 5:35 pm.

2. Roll Call Committee

Members present were Mr. Imes, Dave Ahmann, Carl Gulbrandsen, Gard Strother, Sean Cote and Karl Wellensiek. Mark Lederer was excused. Also in attendance were Village Administrator Karl Frantz, Police Chief Aaron Chapin 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 previous Finance meeting minutes

Mr. Lederer provided some redlined suggestions to the proposed minutes from September 11 and September 24.

Mr. Cote moved and Mr. Wellensiek seconded a motion to approve the September 11, 2019 minutes with Mr. Lederer's redlined suggestions and one change.

Approved 6-0.

Mr. Strother moved and Mr. Gulbransen seconded a motion to approve the September 24, 2019 minutes with Mr. Lederer's redlined suggestions and one change.

Approved 6-0.

5. Continue work on 2020 Village budgets, finances and possible recommendations including levy for short-term debt and flood expenses

Mr. Frantz reviewed the changes to the General Fund (GF) budget since the Committee's last meeting. The 2018 unassigned fund balance was \$764,270. The 2019 projected surplus is \$26,808 (down from \$36,304 at last meeting). The 2020 expense budget is \$4,060,976 (up from \$4,023,522 due to increase in debt service of \$59,868).

The 2020 budget projects a \$16,539 surplus that is mainly due to favorable interest on investments and some expected FEMA reimbursements that were paid for in 2018.

The GF may need to cover a \$63,554 shortfall in the Public Fire Protection (PFP) fee paid to the water utility. Mr. Frantz will be discussing options for the PFP shortfall with the Village's auditors.

Mr. Frantz inquired with Park Bank about a short-term borrowing for the GF items that can be classified as assets (as such, they are exempt from levy limits). Park Bank quoted a rate of 4% and required an accelerator clause in the loan that could adversely affect the Village's bond rating. Brad Viegut of R.W. Baird provided options with three banks they work with at a rate of ~2% and no accelerator clause. By consensus, the Committee suggested Mr. Frantz allow Park Bank to match the terms or go with the option provided by Mr. Viegut.

Mr. Frantz reviewed projected 2018 Flood damage estimates, potential FEMA/State reimbursements and the local share responsibility. We will not know the actual costs until

the projects are bid; and we do not know if FEMA will actually come through with the funds. State law allows unreimbursed disaster expenses to be levied in excess of the levy limit during the year of a disaster (2018) or the year after (2019 payable 2020). Mr. Frantz is waiting for a response from the Department of Revenue regarding the ability to levy for these expenses next year (2020 payable 2021) as well. Alternatively, all of the damages will be capital projects and the Village could use a short-term borrowing to cover the local share. The short-term debt would be exempt from levy limits, in the same way we are using that tool in the 2020 budget.

The other funds have not changed much since the previous meeting. Mr. Frantz has included expenses for the Comprehensive Plan Update in the GF and Tax Increment District (TID) Funds, \$10,000 and \$13,000 respectively.

The utility funds are expected to run a surplus over the next few years and will be able to pay back the Capital Fund advances.

The Village's portion of taxes for next year would increase by about \$155 on an average \$590,000 home. The Village's equalized value increased less than other municipalities in Dane County which should translate to the Village paying a smaller portion to the other taxing jurisdictions.

Mr. Frantz reviewed the highlights of changes to the other funds:

Sewer Utility – Rates were adjusted in 2017. Revenues are stable over the past few years and it should be able to pay back a majority of its advance in 2020. Madison Metropolitan Sewer District is proposing an overall rate increase of 9%, the specific increase to the Village's treatment expenses is not yet known.

Waterfront Fund – Due to replacement of pier boards and some improvements planned for next year, the budget is showing a small deficit. The enterprise fund has some cash available to cover these minor shortfalls.

Debt Service Fund – The fund tracks incoming debt and outgoing debt payments. The amounts in this budget will change when the BABs refunding and new debt borrowing is completed.

Capital Fund – In 2020, the Village is in line for a Local Road Improvement Program (LRIP) grant to assist with the resurfacing of Harvard, Highbury and Hunter Hill. The other revenue is the \$500,000 from the borrowing. The expenses reflect all the items in the 5-year capital plan. The Board is yet to approve all of the items in the plan. Bottom line expenses and revenues can be misleading due to revenues coming in one year and expenses going out in a future year. Staff will update the detailed list of the available funds in the Capital Fund budget and share with the Committee.

TID III Fund – The Lodgic project is nearing completion which should add about \$6M in increment to the District. It is performing very well on revenues but it carries a lot of debt and has large expenses, as well, including developer incentives for The Boulevard and 700 UBD apartments.

TID IV Fund – The TID is comprised of the first Lodge apartments and the shops along University Avenue. It is generating revenue to pay for administrative expenses, debt, and a developer incentive. There is a \$200K expense budgeted in 2019 for a traffic signal replacement that the City of Madison has not yet billed the Village. The Village borrowed for that expense previously and is available in the TID IV fund balance.

TID V Fund – The district was created to assist with the demolition of the Pyare Square Building and construction of the Lodge II apartments. A developer incentive was

included for low income housing and demolition costs. The increment created is used to cover the developer incentive and administrative expenses.

Stormwater Fund – The Stormwater Fund is now in good shape due to the rate increase implemented earlier this year. It should generate ~\$211K in revenue next year and in the future. A bioinfiltration basin is planned for Edgehill Parkway with a 50/50 matching grant of \$20K.

Water Fund – The fund is finally looking stable now that we are able to detect major leaks in a timely fashion. Revenues are sufficient to pay back the Capital Fund advance at a rate of about \$100K annually. Projected surpluses could allow the advance to be paid back more quickly.

Mr. Cote moved and Mr. Strother seconded a motion to recommend the Village Board approve all of the fund budgets, with the exception of the Capital Improvement Fund budget and Pool Budget, as presented to the Committee on October 16, 2019.

Approved 6-0.

6. Set next meeting date

The Committee's next regular meeting is scheduled for Wednesday, November 13, 2019 unless an additional budget meeting is needed before that time.

7. The meeting was **adjourned** at 6:50 pm.

Respectfully submitted,

David Sykes
Administrative Services Manager/Deputy Clerk