Village of Shorewood Hills
Finance Committee
Approved Meeting Minutes
Wednesday, September 16, 2020

1. Call to Order

Finance Committee Chairperson John Imes called the virtual meeting to order at 5:01 pm.

2. Roll Call Committee

Members present via Zoom were Mr. Imes, Cokie Albrecht, Dave Ahmann, Gard Strother, Sean Cote and Karl Wellensiek. Carl Gulbrandsen joined the meeting at 5:04 pm. Also in attendance were 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 previous Finance meeting minutes

Mr. Wellensiek moved and Ms. Albrecht seconded a motion to approve the June 24, 2020 meeting minutes as presented.
Vote: Approved 6-0.

5. Report on local share financing implications and alternatives concerning 2022 University Avenue reconstruction project and Committee discussion

Mr. Frantz reviewed the University Avenue Reconstruction Project scope, current cost estimates and Federal share. The project costs have been revised up but the Federal share has been capped at $12M. The Village's share of the project was originally estimated at $2-3M but with project scope changes the Village's share may be more like $6M. Currently the City and Village will split the roadwork costs 50/50. The stormwater costs will be split 84/16 based on 84% of the watershed impacting this area being in the City of Madison.

There may be political arguments to persuade the MPO (which oversees Federal contributions to regional projects) to assist the Village with its share of the project. Political leaders in the Village may need to pursue the idea that it is not fair for a small municipality to be burdened with the increased scope costs after the Federal share was capped for a regional project.

Mr. Frantz has been researching ways for the Village to afford the $6M cost without adversely affecting the Village's fund balance, taxpayers or other future capital projects. The Village has three Tax Increment Districts (TIDs) that have the potential to fund the project. There are State regulations that allow TIDs to be extended 3 years beyond their expected closing date. If the three TIDs were extended, they could generate a majority of the $6M cost. TID #3 alone could generate ~$3M during the three-year extension. TID #4 and #5 could generate an additional ~$1M each. That would leave ~$500K deficit that would likely be covered by taxpayers in the form of debt. The TID closing dates are in 2028, 2030 and 2044, so things may change that impact the TIDs in a positive way (i.e. new development at University Station). There could also be Federal Stimulus for shovel-ready projects like University Avenue Reconstruction.

Even though there are State regulations that allow for extensions of the TIDs, the Village has been talking to the Joint Review Board (that oversees the Districts) about the University Avenue Reconstruction project and using the TIDs to finance the Village's share.
The short answer is "Yes, there are ways for the Village to pay for the University Avenue Reconstruction project without crippling the Village's for other projects."

6. Review of 2020/2021 fund budgets and possible recommendations focusing on the general fund

Mr. Frantz presented the initial 2021 budget based on submissions from department heads. The tax levy amount estimate is based on last year's levy plus an estimate of the Village net new construction minus last year's $50K short-term debt and $24K of unreimbursed flood expenses.
2021 includes revenues and expenses for all the recreation programs. Parking revenue is conservative because of the new work environment.
The tax levy and many of the other numbers will become clearer before the next Finance Committee meeting. The initial submission results in ~$133K deficit for 2021.
To balance the 2021 budget, the Finance Committee and Board could consider using unrestricted funds in the Capital Fund to be transferred into the General Fund, then levy short-term debt to pay for the 2021 items in the 5-year capital plan.
Staff reviewed the 2020 budget year-end estimates and answered questions of the Committee members.
For the next meeting, the Committee asked for a long-term estimate of the Undesignated Fund Balance and Capital Fund projections.

7. Set next meeting date

The Committee to meet again in three weeks to continue to work on the 2021 Budget.

8. The meeting was **adjourned** at 6:20 pm.

Respectfully submitted,

David Sykes
Administrative Services Manager/Deputy Clerk