A regular meeting of the Finance Committee of the City of Cedarburg, Wisconsin, was held online on Tuesday, April 20, 2021 utilizing the Zoom app.

Council Member Jack Arnett called the meeting to order at 1:01 p.m.

Roll Call:	Present:	Robert Loomis, Allan Lorge, Michael Bradburn, Mary Kay Bourbulas, Jesus Torres
	Excused:	Garth Cole
	Also Present:	City Administrator Mikko Hilvo, Finance Director/Treasurer Christy Mertes, Partner at Baker Tilly Paul Frantz

STATEMENT OF PUBLIC NOTICE

Finance Director/Treasurer Mertes confirmed proper legal notice of the meeting had been given.

COMMENTS & SUGGESTIONS FROM CITIZENS - None

APPROVAL OF MINUTES

A motion was made by Mr. Loomis to approve the minutes of the March 16, 2021 meeting. The motion was seconded by Ms. Bourbulas. Motion carried unanimously with Mr. Cole excused.

UNFINISHED BUSINESS

Review Existing Outstanding Debt and Future Debt Related to Capital Improvements; and Action Thereon
Finance Director/Treasurer Mertes stated the changes from Mr. Lorge and Mr. Loomis were made to the memo.

Motion made by Mr. Loomis, seconded by Mr. Lorge, directing Finance Director/Treasurer Mertes to distribute the memo, spreadsheet and explanations to the Common Council. Motion carried without a negative vote with Mr. Cole excused.

NEW BUSINESS

Discuss 2020 Year-End Audit; and Action Thereon
Paul Frantz, partner at Baker Tilly explained the audit process. The virtual audit was completed the first part of March and went well. Baker Tilly has been doing virtual audits for a year. The audit team reviewed procedures and controls and review processes for transactions. The auditors did not run into any difficulties. There are some issues with segregation of duties, but it is hard to avoid in a small office. An unmodified opinion was issued.

Mr. Lorge asked if they prepared a letter with issues they ran into. Mr. Frantz stated their firm prepares a document called Reporting and Insights from 2020 audit. The material weakness mentioned was the City does not have someone on staff to complete the financial statements with notes. This is common in 95% of Baker Tilly clients. Mr. Lorge asked if there were any restatements made, and there were none per Mr. Frantz.

Mr. Frantz left the meeting at 1:11 p.m.

Discuss Alternate Revenue Sources; and Action Thereon

Administrator Hilvo stated that he researched revenue sources. Transportation utilities could be pursued. Ehlers could help the City through the process. More communities in Wisconsin are using this revenue source.

Mr. Loomis commented the utility seems very complex and there needs to be an easier way to calculate the charge. He stated that previously, user fees were an issue due to itemizing deductions on one's income taxes. Now with the tax law change it is not always possible to use itemized deductions and the standard deduction is taken.

Mr. Lorge asked how the fee was charged. Finance Director/Treasurer Mertes responded through the utility bill.

Council Member Arnett asked if the utility would have to be permanent once set up or if it could be dissolved once the City's needs are met. Other members stated once the utility was set up, they did not see it ending.

Mr. Bradburn stated the City may be better off borrowing for street construction or raise taxes to catch up on projects.

Ms. Bourbulas asked if other communities have had push back to a transportation utility from tax-exempt entities.

Mr. Lorge said staff should monitor the issue and get more information on any potential issues to implementing a utility. What is the administrative burden on staff? What sort of push back would the City see from the community? Is the revenue source worth all the work? Council Member Arnett asked Administrator Hilvo to follow the topic and keep the Committee up to date. After more information is gathered the Committee could potentially have Ehlers come in to discuss the topic.

Administrator Hilvo discussed the article on a street light charge for the City of Milwaukee. Mr. Lorge mentioned it was a quarterly fee set up by Milwaukee to help pay for the city's street lighting system. Mr. Lorge stated a user fee concept may be an issue for some. Ms. Bourbulas stated the City would need to educate the residents. The City may be reaching a limit on the amount of fees we charge.

Mr. Loomis stated the user fee is one option or the other is borrowing. Mr. Lorge asked if we should survey the residents about user fees. Administrator Hilvo stated his City-wide survey was already distributed. Mr. Loomis stated the user fee made more sense than piling on more debt. The user fee could be used to cover those costs over and above the normal every year.

Council Member Arnett and Mr. Lorge agreed the street light user fee should not be pursued.

Mr. Lorge stated the wheel tax was discussed years ago. Mr. Torres stated this type of fee covers all people and Mr. Loomis added it would be very easy to collect. The fee is part of a vehicle registration so the State would collect and remit the fee to the City.

Council Member Arnett asked Administrator Hilvo to reach out to smaller communities to get more information on the wheel tax. Mr. Lorge asked if the DOT could possibly help with estimates of the revenue for the City. The Committee requested this item be addressed at the next meeting.

Mr. Lorge asked about the charges contingent upon annexation and if there were any plans to use those funds. Discussion followed explaining the only way the City will collect the funds, is if the property is annexed by the City. The annexation is initiated by the property owner so there is no guarantee.

Mr. Loomis asked about the Community Development Block Grant funds the City had on hand and if they could be used for development. Finance Director/Treasurer Mertes replied the funds were returned to the State of Wisconsin. The City did not meet the timeline for receiving the initial grant funds by a few months, therefore, all the funds had to be returned to the State. Administrator Hilvo is working on a grant application for funding of ADA improvements to City buildings. This was an accepted use of the funds. The use of these funds is very restricted.

Mr. Bradburn left the meeting at 1:40 p.m.

Discuss Tax Mill Rate Chart; and Action Thereon

Administrator Hilvo discussed the tax rate schedule included in the packet on page 95. It was decided the schedule was not comparing apples to apples. The communities with revaluations would reflect a lower rate if they were closer to 100% assessed value compared to the City at 85% assessed value. Council Member Arnett asked to revisit the spreadsheet at the next meeting and include information on services provided to help determine rate variances. Council Member Arnett asked if there was a State resource available to provide more information.

Identify Future Agenda Items; and Action Thereon

Items suggested were:

- Alternative revenue sources
    - Wheel tax
    - Use of Internal Service Fund fund balance
    - Updated mill rate chart

- Ehlers presentation on transportation utilities and borrowing

Council Member Arnett stated Mr. Cole has had changes in his work schedule and the Committee may want to replace him as he is not able to make the meetings any longer. Council Member Arnett asked for suggestions of residents to recommend to the Mayor for his replacement.

Confirm Next Meeting Date
The next meeting date for the Finance Committee is May 18, 2021 at 1:00 p.m.

ADJOURNMENT

Motion made by Mr. Loomis, seconded by Ms. Bourbulas, to adjourn the meeting at 2:16 p.m. Motion carried without a negative vote with Mr. Cole excused.

Christy Mertes
Finance Director/Treasurer