CITY OF CEDARBURG
FINANCE COMMITTEE
March 18, 2025

A regular meeting of the Finance Committee of the City of Cedarburg, Wisconsin, was held online on Tuesday, March 18, 2025, utilizing the Zoom app.

Council Member Jim Fitzpatrick called the meeting to order at 1:00 p.m.

Roll Call: Present - Council Member Jim Fitzpatrick, Jack Arnett, Allan Lorge, Jeff Slater, Mary Kay Bourbulas, Tim Voeller and Michael Bradburn.

Also Present- City Administrator Mikko Hilvo, Finance Director Kelly Livingston, Deputy Treasurer Maureen Hartjes and Ehlers Representative Harry Allen.

STATEMENT OF PUBLIC NOTICE

Finance Director Livingston confirmed proper legal notice of the meeting had been given.

COMMENTS & SUGGESTIONS FROM CITIZENS
None

APPROVAL OF MINUTES
A motion was made by Mr. Arnett to approve the minutes of February 18, 2025. The motion was seconded by Ms. Bourbulas. Motion carried unanimously.

REPORTS
Council Member Fitzpatrick stated reports of the portfolio holdings were listed on the agenda and said he thought reports were done quarterly. Administrator Hilvo stated the reports were added to the March agenda accidentally.

NEW BUSINESS
Ehlers representative Mr. Allen discussed updates to the City's Financial Management Plan (FMP). Mr. Allen stated that Ehlers took a deep dive into the projected development for the City, specifically looking at the study the school district did as it pertains to new residential development. Mr. Allen said there is approximately $200 million in development coming from 2025 to 2040 including single-family and multi-family units. Mr. Arnett stated that this number also includes senior housing and duplexes and asked Mr. Allen to note that in the reports in the future. Mr. Allen stated the amounts included for the projected development were made at a very high-level assumption and are still probably on the conservative side. Mr. Allen said he was not going to go through all the detailed schedules of the FMP but wanted to review some summary sheets.

Mr. Allen said the number that drives the City's levy on an annual basis is Net New Construction. Mr. Allen stated if the City is adding more development, this number will increase compared to the previous FMP. Mr. Allen said in 2026 this figure does not change but starting in 2027 through 2042 there is a larger increase in Net New construction than previously estimated which generated some slight changes in the model. Mr. Allen stated he looked longer term to account for all the years of the Cedarburg School District study and overall the Net New Construction did tick up based on this model.

Mr. Allen presented estimates on the City's projected future base and debt levies and stated they kept expenses the same as in the previous FMP. Mr. Allen stated with the higher Net New Construction figures the City can grow its base levy each year and by 2042 the City could have approximately an additional $850,000 in base levy capacity resulting from the additional development. Mr. Allen said that with this additional levy capacity on an annual basis would mean the City would issue less debt over this term. Mr. Allen stated the additional levy capacity would allow the City to cash fund additional projects while borrowing less.

Mr. Allen reviewed projections of the future base and debt levies impact on the City's tax rate. Mr. Allen stated with this projection there is really no change to the City's base levy tax rate and there would be a decrease in the debt levy tax rate due to the decrease in debt; and over this period the slight decrease in the total levy tax rate could be about $0.10. Mr. Allen said overall when looking at the estimated total levy of the City it could mean a decrease of about $70 on the average home over this term. Mr. Arnett asked if this is due to the City spreading out fixed costs over more homes. Mr. Allen agreed and stated the City's expenses are not changing much in the model and decrease a bit due to less interest cost but because there is more development, more growth and more value for the City which means the costs are spread out over more value. Mr. Bradburn asked if the City grows at a rate the School District came up with about 2% per year then the tax impact to the average home would be about $50 per year over the next 15 years and Harry agreed it would be in that ballpark. A discussion ensued regarding the potential for increased operating costs and borrowing for future capital projects. Mr. Allen stated the City has a few hours left in the engagement and he could run an updated model for the Finance Committee.

Mr. Allen presented two financing options for the Public Safety building: a 20-year General Obligation (GO) bond and a 30-year Revenue bond through the City's Community Development Authority (CDA). Mr. Allen stated a GO issue would cost substantially less than a CDA issue. Mr. Allen said a CDA issue would require the City to fund a debt service reserve fund and since the CDA is a more complicated issue the City would see more issuance fees. However, a CDA issuance offers lower annual payments. Mr. Allen provided updated figures showing the GO option would cost about $71 million and the CDA would cost around $98 million. The Finance Committee discussed the pros and cons and expressed concern over the higher cost of the CDA option and annual tax impact. The Finance Committee agreed to discard the idea of using CDA issuance.

Mr. Allen stated the rest of the tables included in this packet had been previously provided but the larger changes were summarized in the summary sheets. Council Member Fitzpatrick pointed out that table 10 shows the taxes on the average home and this is what the citizens are going to focus on. A discussion ensued regarding the importance of public education regarding the public safety building and wastewater treatment facility. Council Member Fitzpatrick asked Administrator Hilvo if there was any action that needed to be taken; Administrator Hilvo said there was not and this was only informational. Administrator Hilvo asked Mr. Allen if he could provide the FMP with the updated development in one being the base, one updated with development and another including the new WRC facility and he would email the Council and post on the City's website. Mr. Arnett suggested keeping a couple of Ehlers hours available for any future updates that may be needed. Mr. Allen stated if the updates are related to debt runs and things of that nature that Ehlers would not charge the City.

Mr. Slater asked if he could re-address the potential use of WRC fund balance to help offset the borrowing costs. Administrator Hilvo stated because it is a separate fund it can only be used for WRC projects. Administrator

Hilvo stated the fund balance is there for larger updates and he would not want to commit to making any changes at this point until the City decides to build or refurbish the existing plant. Ms. Bourbulas stated she liked the video on the wastewater treatment plant and that it was well done; the Finance Committee agreed. Administrator Hilvo stated there may be additional options instead of building a new wastewater treatment facility and the Public Works and Sewage Commission will look at these options.

Identify future agenda items, and action thereon

Ehlers Investments – Ms. Tami Olszewski – Investment review and 2025/2026 plans

Confirm Next Meeting Date April 15, 2025, at 1:00pm

ADJOURNMENT

Motion made by Mr. Arnett, seconded by Mr. Voeller to adjourn the meeting at 1:50 p.m. Motion carried without a negative vote.

Maureen Hartjes
Deputy Treasurer