A regular meeting of the Finance Committee of the City of Cedarburg, Wisconsin, was held online on Tuesday, March 16, 2021 utilizing the Zoom app.

Council Member Jack Arnett called the meeting to order at 1:08 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, Deputy Treasurer/Human Resources Kelly Livingston

STATEMENT OF PUBLIC NOTICE

Deputy Treasurer Livingston confirmed that proper legal notice of the meeting had been given.

COMMENTS & SUGGESTIONS FROM CITIZENS - None

APPROVAL OF MINUTES

A motion was made by Ms. Bourbulas to accept the minutes of the February 16, 2021 meeting. The motion was seconded by Mr. Torres. Motion carried without a negative vote with Garth Cole excused.

UNFINISHED BUSINESS

Review Existing Outstanding Debt and Future Debt Related to Capital Improvements; and Action Thereon

Council Member Arnett thanked Mr. Lorge for writing the memo on the capital improvement plan to the Common Council. Mr. Lorge commented on the fund balances being stable and no pre-funding being done. There were several years when a slight increase to the rate could have happened, but it did not, and debt and General Fund fund balance seems to be used quite a bit to fund Capital projects.

Council Member Arnett asked if the City was close to the levy limit for the 2021 budget and Finance Director Mertes replied “yes.” Every year we only use the debt service payments necessary to meet the levy limit. Most years there is room for a higher levy, but the Council does not want to raise the tax rate.

Mr. Lorge asked if there were recommendations on how to best fund City services. Council Member Arnett stated that the City has borrowed a lot in the past years for the library, DPW garage, Amcast and the Highway 60 Business Park. The Council does not want more debt.

Ms. Bourbulas stated the Fire Station should be a priority, in 2025 the debt service drops to under $1.00 on the rate. Council Member Arnett stated that borrowings may be structured to start as interest only, like the Business Park borrowing, to ease the impact of the debt payments.

Ms. Bourbulas suggested following the MSRB (Municipal Securities Rulemaking Board) website for current borrowing rates as they have started to go up. Council Member Arnett stated that the political reality is that the City has been relying too much on debt.

Council Member Arnett asked Administrator Hilvo if the City has investigated leasing. Administrator Hilvo stated that there was a spreadsheet prepared with seven years of equipment replacements. The interest rate was very high, and decided it was not practical at this time. Administrator Hilvo and Finance Director Mertes will be learning about transportation utilities, which is a funding option for street projects. Each household would be assessed a fee. It shifts the tax to a fee and is applied to all, even tax-exempt properties.

Mr. Lorge stated he was concerned about the second recommendation on the memo to the Council. $1 million is a bold amount to achieve. Ms. Bourbulas asked how the City determines what is needed vs. nice or like to have. City Administrator Hilvo stated that the items in the Capital Plan are not wish list items. Finance Director Mertes stated that she has asked the Council numerous times over the years to increase the rate slightly to help fund future Capital projects and they would not do it. The fund balance helps cover unforeseen items or cost increases from budget to actual. Council Member Arnett stated that for prefunding there should be a specified project and a specific fund.

The Capital schedule was reviewed by the members. It was suggested that a line be added to show the outstanding debt for each year. Committee Members were to submit suggested changes to the schedule and memo to Finance Director Mertes. The Committee will finalize the documents at its April meeting.

Mr. Loomis left the meeting at 2:20.

Discuss Financial Summary Sheets; and Action Thereon

After reviewing Administrator Hilvo's 2018 report, Mr. Lorge suggested schedules of personal income per capita showing the residents' ability to pay taxes (p.7), real property values (p. 9), tax and mill rate schedule (p. 13), intergovernmental revenues (p. 15), employees per capita (p. 19) and debt margin (p. 31) were important schedules to share with the Common Council.

Mr. Torres stated the report could be helpful annually or quarterly. He appreciated the street light indicators; yellow, red, and green. He stated the items yellow and red should be addressed. Mr. Torres also suggested the report of population and revenue indicators would be good to see every few years.

The Committee decided the report could be completed every 2-3 years and used for high level strategic planning. The Common Council could refer to the report to help make decisions on the needs and service levels of the City. The Committee will revisit the report in a year.

NEW BUSINESS

Discuss Feasibility of Pre-Emptive Borrowing to Fund Future Large Capital Expenditures; and Action Thereon

This topic was discussed during the Capital Improvement schedule discussion.

Identify Future Agenda Items; and Action Thereon

Items suggested were:

- Finalize memo and chart to Council with explanation on Capital projects
- Alternative revenue sources
- Tax mill rate chart – adding line to show tax amount for average home and add line for median income
- 2020 audit

Confirm Next Meeting Date

The next Finance Committee meeting will be held on April 20, 2021 at 1:00 p.m.

ADJOURNMENT

Motion made by Mr. Lorge, seconded by Ms. Bourbulas, to adjourn the meeting at 2:36 p.m. Motion carried without a negative vote, with Mr. Cole and Mr. Loomis excused.

Christy Mertes
Finance Director/Treasurer

adk