

FINANCE COMMITTEE
January 17, 2023

FIN20230117-1
UNAPPROVED

A regular meeting of the Finance Committee of the City of Cedarburg, Wisconsin, was held online on Tuesday, January 17, 2023, utilizing the Zoom app.

Council Member Jack Arnett called the meeting to order at 1:02 p.m.

Roll Call: Present - Council Member Jack Arnett, Allan Lorge, Michael Bradburn, Robert Loomis, Mary Kay Bourbulas, Jesus Torres

 Excused- Tim Voeller

 Also Present- City Administrator Mikko Hilvo, Finance Director Kelly Livingston, Deputy Treasurer Maureen Hartjes, Ehlers Senior Investment Advisor Tami Olszewski, Ehlers Senior Client Service Advisor Dawn Lawson, Water Recycling Center Superintendent Dennis Grulkowski, Bob Dries

STATEMENT OF PUBLIC NOTICE

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

COMMENTS & SUGGESTIONS FROM CITIZENS

APPROVAL OF MINUTES

A motion was made by Mr. Loomis to approve the minutes of the December 13, 2022. The motion was seconded by Ms. Bourbulas. Motion carried unanimously with Tim Voeller excused.

PRESENTATION

Ms. Tami Olszewski and Ms. Dawn Lawson presented information regarding Ehlers Investment Advisory Services. Ms. Olszewski stated that Ehlers Investments have more than \$2 billion Assets Under Management and over 165 municipal clients. Ms. Olszewski stated Ehlers helps municipalities by providing investment guidance, complying with investment policies, developing comprehensive cash management strategies to build predictable income streams and more. Ms. Olszewski stated that Ehlers would work with the City of Cedarburg to come up with an investment plan to utilize cash balances more efficiently by using a laddering investment strategy. Ms. Olszewski stated investments would be reviewed quarterly.

Mr. Lorge asked if Ehlers was a broker and if custody is used. Ms. Olszewski stated that Ehlers uses custodians such as TD Ameritrade, Pershing, as well as others and typically there are not custodial fees.

Mr. Lorge asked what Ehlers current investment fees are; Ms. Olszewski said the fees are currently .16 basis points annually based upon AUM average daily balances. This is approximately 0.13% per month which is a discounted rate through 2025.

Ms. Bourbulas asked if custodians such as Pershing charge custodial fees. Ms. Olszewski stated that typically custodians can charge 3-6 basis points; however, most of the custodians Ehlers use do not charge fees. Mr. Lorge confirmed with Ms. Olszewski that 25 basis points would be the total fee.

Council Member Arnett asked how often Ehlers would present to the Finance Committee regarding the investments. Ms. Olszewski stated typically they present once or twice a year to the Council or Finance Committee and reports are generated monthly for Committee review. Council Member Arnett asked Deputy Treasurer Hartjes how it was working with Ehlers when she worked with them at the Village of Saukville. Deputy Treasurer Hartjes stated working with Ehlers was beneficial as they took over investments for the Village of Saukville. Prior to working with Ehlers the Village had only invested in CDs. Council Member Arnett inquired about other local municipalities using Ehlers Investment Services. Ms. Olszewski stated that the Village of Grafton, City of Mequon, Village of Saukville, and the City of Port Washington are all local communities that currently use Ehlers Investment Services.

UNFINISHED BUSINESS

Discuss Current Cash and Investment Position; and Action Thereon

Mr. Loomis stated he was comfortable with making a change to Ehlers and that the City can always make another change at the end of the discounted fee period. Mr. Lorge stated that Ehlers would provide more value. Finance Director/Treasurer Livingston stated City Administrator Hilvo, herself, and Deputy Treasurer Hartjes have a Zoom meeting with Ms. Olszewski later this week regarding the City's investment policy and will ask additional questions regarding Ehlers Investment Services.

NEW BUSINESS

Discuss Water Recycling Center Financials and Fund Balance

Mr. Dries stated he has been on the Sewerage Commission for many years. Mr. Dries stated that currently the Wastewater Treatment Plant (WWTP) is at 75% of design capacity. This will increase to 93% once the four new subdivisions and Business Park project go online. The WWTP will need major repairs by 2027. Mr. Dries stated that Donohue and Associates will be completing a study next year and they will recommend if the WWTP can be repaired or if a new WWTP is needed.

Mr. Dries stated that the WRC budgets and sets aside funds annually for equipment replacement and collection systems. Currently the equipment replacement fund has about \$3 million, and the collection systems fund has about \$1 million. Mr. Grulkowski stated that the WRC uses a rate model to determine the rates charged, as well as the amount of money to set aside annually for the equipment replacement and collection funds. The budget amounts for 2023 are \$940,000 for the equipment replacement fund and \$750,000 for the collection fund. Mr. Grulkowski stated he should have rough figures by the end of July on what it would cost to upgrade the current plant. The City would then have a public hearing before it would go to the DNR for approval. Mr. Grulkowski stated the current plant is 35 years old. Mr. Grulkowski stated that the cost of a new WWTP would be about \$50 million. Council Member Arnett

asked if phosphorous is a big issue and if the discharge locations are a big factor in making this decision. Mr. Grulkowski stated the discharge locations are not a big issue. Ms. Bourbulas asked if the City is charging adequate fees; Mr. Grulkowski stated that the City is charging adequate fees and the fees are based on the sewer rate model.

Mr. Dries stated that the City will have a nice down payment on upgrading or replacing the WWTP; however, the City will need to borrow and use funds from grants for the balance. Mr. Bradburn asked if the budget portion of the equipment replacement fund would then switch to debt service; Mr. Dries stated that it would. Mr. Dries stated that water usage has been down; the average household usage had been at 76,000 gallons and now the average household is at 50,000 gallons, which is due to low flow toilets and showerheads and people using less water.

Mr. Lorge inquired about the benefits of a regional facility. Mr. Grulkowski stated it is dependent on other communities; the Village of Grafton has just spent funds on a large upgrade and the City of Mequon could be interested.

Council Member Arnett stated that 5-6 years down the road Mequon may want to participate in a regional facility based on the location of some of their new subdivisions. Council Member Arnett asked City Administrator Hilvo to reach out to other municipalities. City Administrator Hilvo stated it would be worthwhile to reach out to other municipalities; however, he will wait for the study to be completed.

Council Member Arnett stated that his term on the Council will be complete as of April 21, 2023.

Identify Future Agenda Items, and Action Thereon

- Ehlers Investments
- Revised Investment Policy
- Strategic Planning

Confirm Next Meeting Date

The next Finance Committee meeting will be held on February 21, 2023, at 1:00 p.m. via zoom.

ADJOURNMENT

Motion made by Mr. Loomis, seconded by Ms. Bourbulas, to adjourn the meeting at 2:26 p.m. Motion carried without a negative vote with Tim Voeller excused.

Maureen Hartjes
Deputy Treasurer