CITY OF CEDARBURG **FNC20201117-1**
FINANCE COMMITTEE **UNAPPROVED**
November 17, 2020

A regular meeting of the Finance Committee of the City of Cedarburg, Wisconsin, was held online on Tuesday, November 17, 2020, utilizing the Zoom app.

Council Member Jack Arnett called the meeting to order at 1:00 p.m.

Roll Call: Present - Council Member Jack Arnett, Mike Bradburn, Jesus Torres, Garth Cole (1:22 p.m. – 2:08 p.m.), Al Lorge, Robert Loomis, Mary Kay Bourbulas

Also Present - City Administrator Mikko Hilvo, Finance Director/Treasurer Christy Mertes, Senior Municipal Advisor Todd Taves from Ehlers, Inc. and 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 Mr. Loomis to accept the minutes of the October 20,2020 meeting and seconded by Ms. Bourbulas. Motion carried unanimously with Garth Cole excused.

UNFINISHED BUSINESS

Chairperson Arnett asked Administrator Hilvo and Finance Director Mertes to give a brief overview of the 2021 Budget. The budget was passed with an increase of $0.01 per $1,000 of value. The areas of importance were highlighted as streets, forestry projects and public safety.

Some of the highlights of the budget are as follows:

- Hiring a new Firefighter/EMT in January 2021.
- Hiring an additional Firefight/EMT midway through the year
- $30,000 increase to the street tree planting budget
- $50,000 increase to stump grinding
- In 2021, the Police Department will be fully staffed
- 23.5% increase in the health insurance premiums
- Longevity pay has been permanently removed from the budget
- Removed Public Works vehicles from the budget for 2021
- Added $800,000 to the Capital budget to repair dams.

Council Member Arnett asked if the backlog of stump grinding was being caused by an equipment issue.

Administrator Hilvo answered that the equipment is shared with another municipality.

Mr. Loomis asked how the City's health insurance stacks up against other municipalities. Administrator Hilvo answered that it is right in line. He also stated that the City will be looking at other plans for next year.

Council Member Arnett stated that $484,000 was transferred out of the fund balance to keep the increase to 1 cent. Ms. Bourbulas asked how it is decided what the fund balance should be. Chairperson Arnett replied that it is set by guidelines per City policy. Finance Director Mertes stated that the fund balance is actually higher than it needs to be. The City is still within the policy guidelines, even with the transfer. Mr. Lorge asked when the fund balance policy was last updated. Finance Director Mertes stated that it is old. Mr. Lorge suggested that the fund balance policy should be a topic for review. The higher the fund balance, the more beneficial to the City's bond rating. Advisor Todd Taves stated that a fund balance exceeding 30% of revenue would equate to a AAA bond rating and a fund balance of between 15% and 30% of revenue would equate to an AA bond rating. The City's fund balance policy shows a 25% maximum.

Mr. Cole joined the meeting at 1:22pm.

Mr. Lorge made a suggestion to have an executive summary of key factors that affected the budget. Finance Director Mertes stated that there is an executive summary that would be included in the budget that is written by the City Administrator. Mr. Cole said that he would forward some examples of an executive summary to be used as samples. Mr. Loomis stated that the Council and staff did a good job on the budget.

NEW BUSINESS

Review Existing Outstanding Debt; and Action Thereon

Finance Director Mertes directed the Committee to page 113 of the agenda packet to a schedule that was done by Ehlers and also to page 117 to a schedule that she had created. Council Member Arnett stated that most of the debt will be callable with the next five years. After 2027, the debt starts to fall off. A footnote at the bottom of page 115 shows that the interest is being capitalized for the 2020A borrowing; the City is not levying for it. A discussion was held on capital improvements and how they affect the budget and how they are presented in the budget. Council Member Arnett asked Advisor Taves if there are other ways to present capital budgets and the funding associated with them and how other municipalities present them. Advisor Taves said that he would forward some sample reports.

Review Future Capital Improvements/Expenditures; and Action Thereon

Mr. Loomis stated that there was a large balance in the Capital Fund and questioned whether funds should be transferred to the General Fund to improve the bond rating. Finance Director Mertes stated that all of the funds in the Capital Fund are earmarked for future projects. Ms. Bourbulas asked Advisor Taves what the difference between an AA bond rating and an AAA bond rating would be? Advisior Taves answered that it would be 10 basis points. He went on the say that an AA bond rating is very strong and that it would take a lot to get to AAA.

Mr. Cole left the meeting at 2:08 p.m.

<u>Identify Future Agenda Items; and Action Thereon</u>
Council Member Arnett asked the members for some suggestions for future agenda items. The following were mentioned:

- TIF Projections and Updates
- Fund Balance Policy
- Debt/Capital New Exhibits
- Alternative Revenue Sources
- Shared Services
- Fire Department Changes
- Weil Pump Site
- Amcast Site

<u>Confirm Next Meeting Date</u>
The next Finance Committee meeting will be held on December 15, 2020 at 1:00pm

<u>ADJOURNMENT</u>

Motion made by Mr. Lorge, seconded by Ms. Bourbulas, to adjourn the meeting at 2:22 p.m. Motion carried without a negative vote, with Mr. Cole excused.

Kelly Livingston
Deputy Treasurer/Human Resources