CITY OF CEDARBURG
Finance Committee
March 19, 2026
Minutes

1. CALL TO ORDER

Council Member Fitzpatrick called the meeting to order at 10:03 a.m.

2. ROLL CALL

Present: Council Member Fitzpatrick, Allan Lorge, Jack Arnett, Michael Bradburn, Mary Kay Bourbulas, Jeff Slater, and Tim Voeller (joined 10:20 a.m.)

Also Present: City Administrator Mikko Hilvo and Deputy Treasurer Maureen Hartjes

3. STATEMENT OF PUBLIC NOTICE

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

4. COMMENTS AND SUGGESTIONS FROM CITIZENS

None

5. APPROVAL OF MINUTES

A. Approval of February 19, 2026, Finance Committee minutes

A motion was made by Ms. Bourbulas to approve the minutes of February 19, 2026. The motion was seconded by Mr. Slater. Motion carried unanimously.

6. UNFINISHED BUSINESS

A. Discussion and possible action on the informational document explaining the impact development has on city finances.

The Finance Committee reviewed the latest draft of the informational document outlining how development impacts City finances. Administrator Hilvo confirmed the purpose of the meeting was to determine whether the document was ready for presentation to the Common Council, where it would be shared as an informational item before being distributed to residents.

Mr. Arnett recommended clarifying that “net new construction” includes both commercial and residential development, since many residents may assume it refers only to housing. He also raised concerns about formatting and minor errors, recommending a cleanup and spell check. Administrator Hilvo agreed that staff could refine the document’s appearance.

The Finance Committee updated the scenario language to “limited new construction,” and changed the historical reference of 2006 to 2011. The Finance Committee Members felt the overall tone of the document is balanced and fact-based, slightly pro-growth, and clear that moderate, thoughtful development is needed to maintain services while acknowledging trade-offs.

A motion was made by Mr. Slater to send the informational document to Common Council and was seconded by Mr. Arnett. Motion passed unanimously.

7. <u>NEW BUSINESS</u>

A. Discussion and possible action on a memo to Common Council members on "Understanding the Fiscal Impacts of New Developments".

Administrator Hilvo said the document will likely be presented at the last April meeting after new members are seated.

During public comment, Mr. Terry King stated the document appears pro-development and frames the issue as only two choices: develop the remaining land or cut services. He suggested the City pursue additional strategies, including stronger lobbying to change state levy limit laws, partnering with other landlocked communities, and conducting deeper financial analyses of major projects to avoid future infrastructure costs. Mr. King stated the public will challenge the document if it presents development and service cuts as the only options.

The Finance Committee members responded that long-term financial analysis has already been completed and that development projections exist. Council Member Fitzpatrick stated that the City ultimately has only two levers, revenues and costs, and both must be managed.

The Finance Committee reviewed a more detailed companion document for educating current and incoming Council members. Administrator Hilvo described updates already made and noted that meaningful state-level levy limit changes are unlikely until after the upcoming election cycle. The Finance Committee members suggested adding relatable examples, such as rising health insurance costs, to illustrate how City expenses grow faster than inflation.

Council Member Fitzpatrick said the expanded Council-focused document was wellbalanced and useful, noting it clearly lays out the trade-offs involved in development decisions and would have been valuable when he first joined the Council. Mr. Slater suggested adding another example, borrowing for road repairs, to show how levy limits force the City to take on debt for basic infrastructure. Administrator Hilvo and others agreed and noted that rising costs, such as health insurance, illustrate how expenses outpace allowable revenue growth. The Finance Committee also emphasized that commercial development should be part of the discussion because it adds tax base with fewer service demands.

Mr. Bradburn asked whether the City could quantify the net financial impact of specific developments, and Council Member Fitzpatrick responded that while the concept is important, the City doesn't have the detailed cost accounting systems needed to calculate precise project-level costs and revenues. He explained that while the City can't precisely calculate project-level costs and revenues, new subdivisions generally create strong operating leverage; each additional home adds more revenue than incremental service cost. Mr. Bradburn noted that growth can trigger "cliffs," such as needing an additional police officer once the population crosses a threshold, but still believed growth typically outweighs added expenses. Mr. Arnett illustrated the concept with rough math from a large development, showing it would generate far more revenue than its associated costs.

The Finance Committee also discussed developer impact fees, which help offset infrastructure and public safety expenses. Administrator Hilvo suggested creating a one-page financial snapshot for major developments, including impact fees and school implications. Mr. Arnett emphasized incorporating school district projections showing that a full build-out would not significantly increase student enrollment. Mr. Arnett stated that nearby districts are cutting teachers due to declining enrollment and warned that Cedarburg could face the same issue without continued growth. He suggested highlighting school capacity and demographic trends when educating new Council members. He also recommended referencing the United Way ALICE data to show how many residents struggle with basic costs, emphasizing that tax increases disproportionately affect those on fixed incomes. Mr. Slater added that rising sewer and water rates, especially with a new treatment plant coming, function like a tax and will further strain residents, particularly retirees. Administrator Hilvo confirmed that the City's financial plan already accounts for these increases.

Mr. Arnett noted that other nearby communities, like Grafton, have seen major water rate increases, underscoring that rising utility costs are a regional issue. The Finance Committee agreed on adding clear, relatable examples, such as health insurance spikes and sharply rising construction costs, to better illustrate how City expenses outpace inflation. Council Member Fitzpatrick emphasized that standard CPI understates the City's true cost pressures, especially given recent construction inflation.

The Finance Committee agreed that Administrator Hilvo had enough direction to proceed.

B. Identify future agenda items and confirm next meeting date (April 16, 2026, at 10:00 a.m.)

Next meeting scheduled for April 16, 2026, at 10:00 a.m.

8. ADJOURNMENT

Motion made by Mr. Arnett, seconded by Ms. Bourbulas to adjourn the meeting at 10:42 a.m. Motion passed unanimously.

Maureen Hartjes
Deputy Treasurer