

**FINANCE COMMITTEE
October 20, 2020**

**FNC20201020-1
UNAPPROVED**

A regular meeting of the Finance Committee of the City of Cedarburg, Wisconsin, was held online on Tuesday, October 20, 2020, utilizing the Zoom app.

Council Member Jack Arnett called the meeting to order at 1:03 p.m.

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

Also Present - Mayor Michael O’Keefe, City Administrator Mikko Hilvo, Finance Director/Treasurer Christy Mertes, Deputy Treasurer/Human Resources Kelly Livingston

STATEMENT OF PUBLIC NOTICE

Deputy Treasurer Livingston acknowledged that the agenda for this meeting was distributed and posted in compliance with the Wisconsin Open Meetings Law.

INTRODUCTION OF MEMBERS

Mayor O’Keefe thanked everyone for their participation and asked the members to introduce themselves to the other members.

ELECTION OF OFFICERS

A motion was made by Mr. Lorge to nominate Council Member Arnett as Chairperson. The motion was seconded by Mr. Loomis. Motion carried unanimously.

A motion was made by Mr. Loomis to nominate Mr. Lorge as Vice-Chairperson. The motion was seconded by Chairperson Arnett. Motion carried unanimously.

Deputy Treasurer/Human Resources Kelly Livingston will serve as Secretary.

NEW BUSINESS

Review Finance Committee Guidelines; and Action Thereon

Chairperson Arnett presented Ordinance No. 2020-09, an Ordinance Creating the Finance Committee. The ordinance was written and adopted on July 13, 2020.

Establish Mission Statement and Purpose of the Committee; and Action Thereon

A discussion occurred and there was a consensus that the mission statement should be Section (2) of Ordinance No. 2020-09 that states: “The Finance Committee shall provide financial oversight for the City. This includes budgeting, financial planning, financial reporting, and the creation and monitoring of internal controls and accountability policies.”

A motion to use Section (2) of Ordinance No. 2020-09 was made by Mr. Loomis and seconded by Ms. Bourbulas. Motion carried without a negative vote.

Review Proposed 2021 Budget; and Action Thereon

Chairperson Arnett explained that the 2021 budget is 80% of the way to being completed. It has been presented to the Common Council twice. The Council has advised that the direction of the budget should be to concentrate on Public Safety with the employment of an additional full time Fire Department employee, street improvements and forestry operations.

City Administrator Hilvo stated that in future years, maybe this Committee take a first look at the proposed budget before it would go the Council. Mr. Loomis stated that he thinks the Council should first decide where their priorities lie. City Administrator Hilvo suggested that all City Department Heads meet in June of next year to discuss what the Departments' priorities are. The Council would recommend their priorities for the budget. The initial draft of the budget could be given to this Committee for oversight. Mr. Lorge thought that this would be a good plan of attack.

Mr. Loomis stated that it is difficult to determine the funding parameters. Finance Director Mertes suggested looking at the 2020 budget. Mr. Lorge asked Ms. Mertes to explain the fund balance. She explained that the fund balance is funds accumulated held in reserve for future projects. The City's fund balances were low in the 1990's and the City has been working to increase them over time. They are now currently higher than required by our policy.

Mr. Loomis asked what the City's current bond rating is. Finance Director Mertes stated that the bond rating is Aa2. The rating from Moody's is only one month old.

Discussion continued on the 2021 budget.

Mr. Lorge stated that he would rather see small yearly increases to taxes, than letting items build up and then taxpayers are hit with a large increase.

Mr. Loomis asked if there has been an advisory on health insurance rates. City Administrator Hilvo stated that the City is using a third-party firm to work on new rates with WPS. This is the last piece of the budget and the City is hoping to have those rates soon. A 12% increase has been budgeted.

A discussion was held on how the mill rate is calculated. Finance Director Mertes explained the equalized value rate and referred to page 8 of the packet. Administrator Hilvo stated that a full revaluation was scheduled for 2027 and funds have been put aside each year to fund this project.

Mr. Loomis asked for a list of outstanding bonds. Finance Director Mertes stated that she has a list already compiled and that she had worked with Todd Taves of Ehlers Public Finance Advisors to put it together. It can be found starting on page 71 of the packet.

Identify Future Agenda Items; and Action Thereon

Chairperson Arnett asked the Committee what items should be discussed at future meetings.

Mr. Lorge suggested that the Committee look at debt service in the future.

Mr. Loomis suggested that borrowing rates are low and there should be a discussion on if the City is better off borrowing than using fund balance.

Chairperson Arnett suggested the following future agenda items: outstanding debt service, principal and interest payments, first call for bonds, capital improvement projects, budgeting, and internal controls.

Mr. Loomis would like the Committee to look at long-term capital projects.

Mr. Lorge suggested an overview of the current TID's and potential TID's and to look at alternative revenue sources.

Ms. Bourboulas suggested a cost benefit analysis of City services, and what services could be outsourced such as trees, sidewalks. etc.

Finance Director Mertes asked for a review of the Treasurer's Office reports to the Council.

Administrator Hilvo stated that his goal in forming this Committee was to put together a group to really dig into what makes financial sense and to give the Council good data to make decisions.

Review and Certify Code of Ethics; and Action Thereon

Chairperson Arnett stated that any public commission must adhere to the City of Cedarburg's Code of Ethics. It has been distributed and is understood by all members of the Committee.

Determine Next Meeting Date; and Action Thereon

The next meeting is scheduled for November 17 at 1:00 p.m. Future meetings will be monthly on the 3rd Tuesday of the month.

ADJOURNMENT

Motion made by Mr. Loomis, seconded by Ms. Bourboulas, to adjourn the meeting at 2:12 p.m. Motion carried without a negative vote.

Kelly Livingston
Deputy Treasurer/Human Resources

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