CITY OF CEDARBURG
FINANCE COMMITTEE
December 15, 2020

FNC20201215-1
UNAPPROVED

A regular meeting of the Finance Committee of the City of Cedarburg, Wisconsin, was held online on Tuesday, December 15, 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
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 Mr. Loomis to approve the minutes of the November 17, 2020 meeting. The motion was seconded by Ms. Bourbulas. 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

Finance Director Mertes directed the Committee members to page 8 of the packet and explained the spreadsheet titled Capital Improvements Financing Plan 2021-2027. Mr. Lorge suggested that the "Unfunded Balance" line should be titled "Sources in Excess of Uses." He then asked what line items make up the tax levy. Finance Director Mertes explained that the following line items contribute to the tax levy: General Projects, Streets, Equipment, Stormwater and Environmental Reserve. Mr. Lorge suggested that a subtotal line be added. Ms. Bourbulas stated that future budgets are wish lists. Administrator Hilvo stated that his goal is to start looking at capital projects earlier and to spread them out more evenly so that there will not be such large variances from year-to-year. Mr. Lorge feels that the City should be slowly increasing the tax levy going forward. Finance Director Mertes stated if the Capital Improvement fund needs funding the other funds, such as debt service and general fund suffer.

Mr. Torres asked what was meant by impact fees. Finance Director Mertes explained that impact fees are fees assessed the developer of a property to fund items such as parks, library, police department etc.

Mr. Lorge asked what Fund Balance means. Finance Director Mertes explained that these are funds that are put aside to fund projects in the future. The Fund Balance is used to offset the levy and is either prior year's levies, revenues over budget or expenditures under budget. Mr. Lorge would like all the fund balances added to the bottom of the spreadsheet. Mr. Loomis asked if there is a provision in the policy not to decrease the Fund Balance more than 15%. Council Member Arnett stated that there was a policy provision that the General Fund balance cannot be decreased more than 15%. Ms. Bourbulas asked if it is normal to transfer funds from the General Fund to balance capital projects. Finance Director Mertes stated that it is not usually done; but can be used for one-time events. The discussion continued regarding updating the spreadsheet and what it should be reflecting. It was suggested that 10 years be shown. Council Member Arnett said that seven years of street projects were actual amounts, and the remaining years could use averages from prior years' actual spending.

Mr. Loomis asked if there were any large projects coming in the near future. Council Member Arnett stated that the Fire Department is being looked at, as well as repairing Washington Avenue south of Lincoln Blvd. Mr. Loomis asked if the Fire Department issues were with staffing or the building. Administrator Hilvo answered that both issues will need to be discussed.

A discussion began regarding the spreadsheet on page 9, General Obligation Debt Service Schedule. Mr. Lorge asked if the City should consider paying off the State Trust Fund Loan that was used for the monopole project. Mr. Loomis asked if it makes sense to pay off the loan if there are available funds. Council Member Arnett asked if a recommendation should first come from this Committee before it would go to the Common Council. Mr. Lorge stated that yes, the issue should be discussed at the Committee level before being presented to the Council. Ms. Bourbulas asked if the Fund Balance is used, will the Fund Balance be built back up enough to lower levy needs. Mr. Lorge suggested that Finance Director Mertes come back to the Committee in January with information as to paying the loan off early.

NEW BUSINESS

Update on Existing TIDs; and Action Thereon

Council Member Arnett directed Committee members to page 15 which was part of the 2020 Third Quarter Financial Report regarding Tax Incremental Districts #3, #4, #5 and #6.

TID #3 is the Zimmerschied Mill Street project. There was no borrowing associated with this TID, only developer incentives.

TID #4 is the Amcast project. The City is currently paying interest on the loan that was taken to fund the project. It is expected that the project will be open for the full 27 years. The development will depend on what the EPA allows. Residential use is expected, and taxes will be used to pay back the three-million-dollar debt.

TID #5 is the Arrabelle project. This project was of no risk to the City. There was no borrowing associated with this TID, only developer incentives.

TID #6 is the Hwy 60 Business Park project. The TID was created to pay the cost of public infrastructure and other expenditures. The Business Park includes WILO's building site. Council Member Arnett discussed the Baehmann property. Mr. Lorge asked what will happen to the properties that WILO will no longer be using. Administrator Hilvo stated that they are working with developers.

Review General Fund Balance Policy FC-5 and Fund Balance Policy FC-10; and Action Thereon
FC-5 General Fund Balance was adopted in 1989 and FC-10 Fund Balance Policy was adopted in 2012. The General Fund Balance policy states that a General Fund balance of 2-3 months should be maintained. Mr. Lorge feels that it should be 2-4 months. It also states that it should not be decreased by no more than 15%. He would not want the Council to use Fund Balance to lower the tax levy. A discussion ensued. Council Member Arnett asked Finance Director Mertes to mark-up both policies and the changes will be discussed at the next meeting.

Identify Future Agenda Items; and Action Thereon
Suggestions made are:

- Expenditure restraint and levy limits
- Types of developments in the City and how they would drive City services
- Outstanding debt
- Levy limits
- Fund Balance Policy changes
- Monopole loan

Confirm Next Meeting Date
The next meeting of the Finance Committee will be held on January 19, 2021 at 1:00 p.m.

ADJOURNMENT

Motion made by Mr. Loomis, seconded by Ms. Bourbulas, to adjourn the meeting at 2:33 p.m. Motion carried without a negative vote with Mr. Cole excused.

Kelly Livingston
Deputy Treasurer/Human Resources