FINANCE COMMITTEE **FIN20220816-1**
August 16, 2022 **UNAPPROVED**

A regular meeting of the Finance Committee of the City of Cedarburg, Wisconsin, was held online on Tuesday, August 16, 2022, 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, Allan Lorge, Michael Bradburn, Robert Loomis, Mary Kay Bourbulas
	Excused-	Jesus Torres
	Also Present-	City Administrator Mikko Hilvo, Finance Director Kelly Livingston, Deputy Treasurer Maureen Hartjes

STATEMENT OF PUBLIC NOTICE

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

COMMENTS & SUGGESTIONS FROM CITIZENS - None

APPROVAL OF MINUTES

A motion was made by Mr. Loomis to approve the minutes of the June 15, 2022, meeting. The motion was seconded by Mrs. Bourbulas. Motion carried without a negative vote with Jesus Torres excused.

NEW BUSINESS

Review and Possible Action on 2023 Preliminary Budget Discussion
Administrator Hilvo reviewed a summary of 2023 Budget Priorities and Changes (attached). Administrator Hilvo stated the Net New Construction for 2022 is 3.19%. As of now, the City may have an allowable levy increase of roughly $380,000.

Administrator Hilvo discussed the increases in inflation, fuel, and COLA. A discussion continued regarding COLA and wage adjustments amongst other municipalities and overall staffing positions at the City.

Administrator Hilvo discussed the use of Fund Balance to offset the initial cost to join the State Health Insurance plan. In the future there will be a significant savings in joining the State Health Insurance Plan as the cost for WPS is predicted to go up 20-30%.

A discussion continued regarding other current budget priorities and considerations including the cost of the annual audit. Finance Director/Treasurer Livingston explained the cost of the 2021 audit was higher since there was a change in accounting software as well as additional work needed due to the transition in the Treasurer's office. A discussion continued regarding audit costs, and it was agreed that the City will continue to use Baker and Tilly. The City had changed auditors approximately three to four years ago and it was recommended to use Baker Tilly since Cedarburg Light and Water also uses them.

Review and Possible Action on Debt Schedule

Administrator Hilvo stated there will be a slight decrease in the 2023 Debt Service. The City is borrowing for the HWY 60 Business Park and a Department of Public Works dump truck in September; however, the payments will not begin until March of 2024. Administrator Hilvo stated the 2022 tax rate (equalized) for debt service is $1.24 and will decrease to $1.01 in 2023.

Identify and Possible Action on Future Agenda Items

-Budget and options
-Financial Statements
-Special Revenue Funds
-Debt Schedule
-Possible uses for Referendums and tax levy changes

Confirm and Possible Action on Next Meeting Date

The next Finance Committee meeting will be held on September 20, 2022, at 1:00 p.m.

ADJOURNMENT

Motion made by Mr. Loomis, seconded by Mr. Lorge, to adjourn the meeting at 2:08 p.m. Motion carried without a negative vote with Jesus Torres excused.

Maureen Hartjes
Deputy Treasurer

adk

<u>2023 Budget Priorities and Changes</u>

Inflation has increased fuel, equipment, and other project costs that will require budget increases for all departments. These costs are currently unknown.

Cost of Living (COLA) is set at 5.9%. If we increase staff wages by 6% the annual increase to the city will be around $320,000. If we increase staff wages by 3% the annual increase will be around $160,000. We are currently seeing some municipalities recommending between 3% - 8% increases and evaluating other benefits to help with staff retention.

<u>Current Priorities</u>

1) **EMS Services.** Additional full-time FF/EMT's/Paramedics are needed to decrease call response times and to respond to increased calls. The recommended additional staffing levels for 2023 will be funded by a potential grant from Ozaukee County. The increased cost from 2022 to 2023 for the city is estimated at $10,000.
2) **Health Insurance**. Moving to the State Health Insurance plan in 2023 will have long-term savings for the City but the initial surcharge cost will potentially increase the budget by $428,152 in 2023.
3) **Email server change from the County to private provider**. Ozaukee County has advised us that they will no longer handle emails for municipalities. This, along with a Federal requirement to switch to .gov email addresses requires us to switch to Office 365. The increase for 2023 is estimated at $30,000 with an annual increase of around $6,000.
4) **Street Repairs**. Increased street repair project costs. Based on asphalt prices being increased by 40% this Spring we will either need to increase the budgeted amounts or do less street repairs in 2023.
5) **Public Safety**. An increase in new developments within the city and additional safety measures required for festivals, parades, and other events is taxing our police department. To assist with public safety a need for an additional officer is being requested. Estimated cost is $124,276 with benefits. This cost is being offset with the elimination of third shift dispatch.

<u>Other Considerations</u>

1) Sludge hauling fees have increased exponentially for the Wastewater Treatment Plant. These increases along with other equipment cost increases will require an increase in the sewer rate for 2023.
2) Seasonal Staffing shortage has been a concern that will require us to evaluate increasing part-time wages for them. This includes grass-cutters, parks maintenance, lifeguards, pool customer service, summer playgrounds, and other seasonal staff.
3) Police, Fire/Rescue and Public works overtime for events/parades/runs/walks is increasing. To offset these costs we are looking to revise our policies to include the cost of public safety services for them.
4) Hiring and retaining crossing guards has become more difficult as well. In 2022 we had to rely on full-time officers on occasion on overtime to help cover shifts. Half of the cost was billed to the School District but the rest had to be covered by the PD overtime

budget. This might require an increase in their budget for 2023.

5) Increase in annual audit from $35,000 to $60,000.

Debt

1) 2022 tax rate (equalized) for debt service is 1.24. This will decrease to 1.01 in 2023 which amounts to a decrease of $341,296. Additional borrowing will be done in 2022 for the HWY 60 business park and a DPW dump truck. Payments on these will not start until March of 2024. Borrowing for the Western Ave public road project will need to be done in late 2022 or early 2023. Both the HWY 60 and Western Ave borrowing will be paid through the TID's.

Fund Balance (General Fund) – estimated 2022 year end

Total: $3,044,311
Minimum: $1,600,000
Maximum: $2,500,000

Use of Fund Balance in the amount of $430,000 used for State Health Plan Surcharge