

VILLAGE OF BONDUEL
VILLAGE BOARD MEETING
NOVEMBER 11, 2015

Following the Pledge of Allegiance and moment of silence, President Sharon Wussow called the meeting to order at 7:00 p.m.

Wussow read a statement regarding the posting of the meeting.

Present: Sharon Wussow, Shawn Thorne, Joan Kamps, Robert Thayer and Dick Sibert.

Absent: Robert Luepke and Luka Zischka (both excused).

AGENDA: Motion by Thorne, second by Sibert, to approve the agenda and deviate as necessary. Motion carried.

MINUTES: Motion by Thorne, second by Thayer, to approve the minutes of the October 14, 2015 meeting. Motion carried.

ACKNOWLEDGEMENT OF CITIZENS: Steve Berndt, Director of Municipal Operations; Police Chief Todd Chaney; Fire Chief Robbie Woldt; and James Mann of Ehlers, Inc. Doug Harland, 2nd Assistant Fire Chief, arrived at 7:25 a.m.

REPORTS:

Public Safety Committee met November 2. Operator's license applications are on the agenda.

Police Chief's report on file.

Fire Chief's report on file. Woldt stated we may need a new injection pump for the rescue truck; the throttle is sticking. Hopefully we can get through the year with what we have. The truck will be out of commission during repairs. Also, the dry hydrant does not work; it is silted in from ground water washing in. Matt Maroszek will be cleaning it out.

EMS report on file.

Administrative Committee met to go over budget. Minutes are on file.

Clerk's report on file. Rusch explained the error that was made in per diem payments during 2015; details are contained in the report. Delinquent utility balances due as of November 15 will be certified to the property tax rolls. Rusch pointed out that Berndt and Utility Clerk Katrina Schroeder improved procedures, keeping delinquencies at a minimum and reducing the amount being put on the tax rolls by over \$2,500.

Municipal Operations Committee met on October 20. The water tower needs to be repainted. Project is planned for 2018. Committee also discussed the budget and the Cedar Park concession building. Included in the Capital Projects is money allocated for a leaf machine.

Municipal Operation Department's report on file. Just finished an update to the Safety & Health Procedures Manual which deals with exposure to blood borne pathogens, confined space entry, hazardous spaces, and personal protective equipment. Updates were in response

to new codes. A safety company affiliated with Wisconsin Rural Water Association helps with these procedures. The department has new code books, posters and other information that goes with these code updates.

Centennial Ad Hoc Committee will meet tomorrow night at 7:00 p.m.

Zoning Board Of Appeals: No meeting.

Library Board: No meeting.

Plan Commission: No meeting.

Fire Commission met jointly with the Public Safety Committee and will meet again on November 17.

NEW BUSINESS:

K1: Preliminary finance plan for 2016 Capital Project. Highlights of Jim Mann's presentation:

- a) The gross tax rate for outstanding debt is currently \$2.39 per thousand dollars of debt. That rate will climb each year as special assessment revenues decline and will then peak at \$2.88 in 2021 when assessment revenues end. The decline will then continue as debt is paid off.
- b) 2016 Capital Projects include streets, storm sewers, and water and sewer utilities. The sewer utility will have funds available to pay for the sewer projects, so there will be no borrowing associated with that portion of the project. Two borrowing scenarios for the remaining projects were presented, one for the complete project as currently planned and another reducing the project by 30%.

Option 1: General Obligation (GO) Debt for 100% of the planned street and storm sewer projects and a Revenue Bond Anticipation Note (RBAN) for the water utility project. Under state statute GO debt is limited to 5% of the village's equalized value, or \$3,774,285. Current GO debt of \$1,805,000 combined with new debt issue of \$1,475,000 for the 2016 projects would put total borrowing very close to that limit, leaving only 13.1% of the Village's borrowing capacity remaining. The Revenue Bond Anticipation Note for the water utility project would be approximately \$440,000.

Option 2: Reducing the project by 30% in order to have a remaining borrowing capacity of approximately 25%. Reduces project GO borrowing to about \$1,035,000, which would not put the Village so close to its borrowing limit. The Water RBAN remains the same.

- c) Two financing scenarios for Option 1 (completing 100% of planned project) were presented in which the payments are structured differently to reduce the impact on taxpayers.

Option 1a: Immediately amortizing the debt along with paying interest costs would increase the tax rate from the current \$2.39 to \$4.04 in 2017, an increase of \$1.47 per thousand and a total of \$95,000 increase on the tax levy.

Option 1b: Delay principal payments further into the future. Interest costs increase by less than \$20,000 over the duration of the debt. This scenario increases the tax rate to \$3.69 in 2017, an increase of about \$1.10 per thousand.

- d) Financing scenario for Option 2 again back-end loads the debt, but the project cost is reduced by 30% and borrowing is then reduced to \$1,035,000. Tax rate peaks in 2017 to \$3.50 per thousand then begins to drop off. This reduces the overall cost of the borrowing to something that may be more acceptable to the tax payers
- e) All financing scenarios are based on 15-year duration, but can go out 20 years. Larger projects have always been done with 20-year debt. Mann was asked to prepare a 20-year borrowing plan as an alternative.
- f) Option 2 does not take us above 75% of our borrowing capacity. Under Option 1a or 1b, in about two years we could be well within that 75% range again. The reason to stay within 75% of borrowing capacity is for emergencies.
- g) Majority of debt payments are locked in. We can pay down toward debt balance, but future payments remain the same. The new debt payments would also be locked in.
- h) Cedar Park concession building: The \$1,475,000 borrowing does not include this project. If street projects are bid favorably, the excess funds from this borrowing can be used toward the new building. If not, we would have to pay for the building out of our cash on hand. Estimated cost for building is \$150,000. Mann stated it is much easier to have those reserves in place than it is to rebuild them after spending some of it. The \$150,000 could be added to the project borrowing, and as the street projects are bid, if bids come in favorably we can do them all; if they come in unfavorably we could remove something from the street project. Berndt stated that is how the street project is currently set up, so that if we need to, we can have flexibility to remove portions of the project to reduce costs.

If materials or labor are donated for the concession building, it may reduce the cost of the building but will not impact the taxability of the borrowing. What impacts the taxability of the borrowing is if the village pays for the building and then has a guaranteed revenue stream to pay for it such as concession or rental revenues. If extra funds remain after the park project, then what's left of the \$150,000 can be used for additional park improvements. The borrowing resolution would state "park equipment and facilities" so that piece of the borrowing would be spent on other park projects.
- i) Of the \$8.38 per \$1,000 current tax rate, \$2.57 goes toward debt and, based on borrowing Option 1a, that rate would jump to \$4.04 in 2017. However, these numbers are based on the equalized value, not the assessed value, so the actual numbers will differ in final calculation.
- j) Analysis of Tax Increment District (TID): Value declined by \$635,000 this year to approximately \$316,000 due to a reduction in personal property reported by Kwik Trip. The TID had a negative fund balance at the end of 2014 but by the end of 2015 it will have a positive balance. Because the district lost some value, in 2022 when the TID must close there will be a negative cumulative fund balance of (\$376,580). That is money that the

sewer utility already advanced to the TID that will not get repaid, unless there is additional value generated in the District.

- k) Analysis of Sewer Utility: As the TID continues to repay the advance, the cumulative balance in the sewer fund will continue to grow to reach approximately \$1,000,000 in 2022, at which time we can use those funds to refinance the sewer loan and hopefully get a better interest rate and pay off some of the current sewer debt.
- l) Analysis of Water Utility: There are existing debt payments in the water utility plus the proposed Water RBAN as part of these 2016 Projects. It is being proposed that the Village not pay any principal on that amount for about five years. Reason is that the TID advance repayments are coming into the water utility, building fund equity. Then when the water tower project comes up in 2018 at a cost of over \$200,000, the village will have the ability to pay cash for that. In 2021 when the Water RBAN comes due, we will probably be in a position where about \$280,000 or more can be refinanced and stretched out a couple years, so that the utility revenues are adequate to not only make debt payments but also provide sufficient operating capital. In 2020 the TID revenue will fall off, so water rates may have to increase; an alternative would be to refinance at that point.
- m) Once the current TID is closed, we would be able to open new districts. However, the current TID would still be short. Also, when a TID is created, you start with a base value and the revenues are generated off the increase in that base value; so unless something gets built in the TID to increase value over and above that base, no revenue is being generated. If we close the current TID now, then all the revenue being generated must be shared with the other taxing jurisdictions; while the TID is active the Village is able to keep that revenue.
- n) TID can be extended up to four years. A statutory provision allows a four-year extension and there is proposed legislation that allows a municipality to extend a TID if an adverse impact was caused by the State of Wisconsin. This came about in 2013 when they changed the technical college funding formula and basically the municipality lost a dollar off the overall tax rate and that had an adverse impact. The four-year extension has to be done the year preceding the statutory closure. Must do a financial analysis to show the TID is not going to recover all its costs. If the TID was extended four years, we could recoup all the dollars in two years because the final shortfall is only about \$360,000. This is cash advanced to the TID by the sewer utility that would otherwise not get repaid. In 2020, that may be the financial decision the Village makes at that time.

K2: 2016 Publication Budget. Thorne explained the budget worksheets and the reduction process followed by the Administrative Committee, basically reducing the 2015 projections to more realistic figures, which resulted in excess revenues that can be carried over as "Funds On Hand" into the 2016 budget. These funds on hand reduce the amount of levy needed to cover expenditures, which in turn brings the levy in line with the limit set by the state. Some reductions were also made to the proposed 2016 expenditures, again using more realistic figures. Reductions were made where spending history showed expenditures consistently fell well under budget. As a result of reductions to the General Fund (operational fund), the village will now qualify for State Expenditure Restraint funds in 2017.

Also, with the tax levy in the General Fund being reduced by carrying over funds on hand, we were able to increase the levy for the Equipment Fund, bringing it closer to the original level. The levy for the equipment fund is reduced to \$62,891 from \$75,000; however, this reduction will not affect the equipment purchases planned for 2016. Also, expenditures planned for the next few years can be adjusted to ensure that sufficient revenues will be available in the future without taking anything away from what is needed in 2016.

The Capital Project budget shows the 2016 expenses for the street projects and the proceeds from the borrowing.

Thorne explained the Budget Summary sheet showing the Proposed Levy Limit of \$514,432. This number comes from the state and cannot be exceeded and is divided as needed between the General Fund, the Equipment Fund and the Project Fund.

Motion by Thorne, second by Thayer, to approve the 2016 Budget for publication. Motion carried.

K3: TIF Publication Budget. The TIF value decreased due to new values reported for Kwik Trip's personal property. The 2016 TIF revenue has not yet been published by the state, so the amount shown on the worksheet is an estimate based on apportioned levies reported by the taxing jurisdictions. Motion by Thorne, second by Kamps, to approve the 2016 TIF Budget for publication. Motion carried.

K4: Addendum A to 2016 Budget. Very few changes. Most changes were by union contract and some for the library. Motion by Thorne, second by Kamps, to approve Addendum A to the 2016 Budget as presented. Motion carried.

K5: Operator's licenses. All approved by Public Safety Committee. Motion by Wussow, second by Kamps, to approve operator's licenses for Ayradth Callum, Lisa Klier, Sarah Mashak and Derek Sumnicht. Motion carried.

K6: Request from World Wide Signs to install security fence. World Wide Signs wishes to separate the property in their new parking area (where the house was recently demolished) from the house to the south. By ordinance, security fences in industrial and business districts must be approved by the Village Board. Motion by Thayer, second by Wussow, to approve the installation of a security fence by World Wide Signs. Thorne asked if the same restrictions applied as with residential fences. Berndt stated the fence would be six feet high and must be two feet inside property line, the same guidelines as residential fences. There being no further discussion, vote was taken. Motion carried.

UNFINISHED BUSINESS:

L1: Building at 101 E. Green Bay Street. A letter from Scott Nordin of Nordin Design Group detailed repairs that are necessary. Chief Chaney reported that Attorney Tim Schmid will be doing a title search to ensure there are no other encumbrances on the property. The property owner will then be sent a 60-day notice requiring that the property be brought up to code.

APPROVAL OF PAYMENTS: Rusch noted one addition for office supplies. Motion by Thorne, second by Sibert, to approve payments as presented with the one addition. Motion carried.

TREASURER'S REPORT: Rusch explained the new equity account that was created entitled "Library Donation Reserves." In the past, unspent library donations were absorbed into the Undesignated Funds when the fiscal year was closed out. Going forward, any unspent library donations will be transferred into the reserve account and will be available for library purchases. The next Board meeting will need to be held on December 2nd in order to meet the county deadlines for submission of the tax rolls. Rusch distributed a new calendar which highlights deadlines for budget publication, submission of Board agenda items and agenda publication. These deadlines are required in order to hold the Public Budget Hearing on December 2nd. The State has not yet announced the school tax credit, but based on last year's amount, the Village tax rate for 2015 is \$8.384 per thousand, compared to \$8.381 in 2014. There is only 3/10 of a cent increase in the Village tax rate. The county is up significantly, the State and NWTC are up only slightly, and the School District cannot be determined till the tax credit is announced. Using last year's school tax credit, the total tax rate for 2015 is \$23.45, up from \$23.14 last year. Motion by Thorne, second by Kamps, to approve the Treasurer's report. Motion carried.

ANNOUNCEMENTS:

Public Hearing on Budget	Wednesday, December 2	Village Hall	6:45 p.m.
Village Board Meeting	Wednesday, December 2	Village Hall	7:00 p.m. or immediately following the Budget Hearing

Motion by Thorne, second by Sibert to adjourn. Motion carried.

Meeting adjourned at 9:09 p.m.

Respectfully submitted.

Willa Rusch, Clerk