

CITY OF DELAFIELD FINANCE ADVISORY BOARD COMMITTEE MINUTES

CALL MEETING TO ORDER

B. Faracy called the meeting to order at 7:00 p.m.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

ROLL CALL

Present

Absent

Brian Faracy
John Gehlhaart
Steve O'Brien
Rich Rahn (entered 7:20 p.m.)

Also Present

Marilyn Czubkowski, Clerk
Marie Williams, Accountant
Matt Carlson, Administrator
Paul Craig, Mayor
Marily Gardner, Alderperson
Michelle DeYoe, Alderperson
Jeff Mundt, Yaggy Colby
Erik Brooks, Waukesha Freeman
Steve Headley, Citizen

1. CITIZEN'S COMMENTS ON ITEMS PERTAINING TO THIS AGENDA.

Steve Headley - Read parts of an offer to purchase dated September 27, 2004 to Mrs. Zerwekh. He personally offered her \$500,000 for her property. He also told her that he would expend approximately \$150,000 to repair the dam to bring it up to code. He offered her a lifetime tenancy, she could keep the rental properties for two years and he would split the rents with her 50/50, any money generated from hydro-electric would also be split 50/50, he would pay the property taxes, and would provide remodeling to the home if necessary. He did not want neighbors who were not riparian owners to be taxed for this property. The riparian owners are happy to be special assessed for the repair of the dam, not replacement. The dam is classified by the DNR as a "high hazard rating". This rating dictates only replacement of the dam. If the City is considering eminent domain over all or part of the Mrs. Zerwekh's property, it should pursue the DNR for reassessment of the hazard rating. No upgrades have been made to the dam despite DNR requests. He would like to see the \$600,000 and \$72,000 currently in the budget for the replacement of the dam to be removed, but to put the funds in the budget for onsite evaluation of the dam if the dam were to be repaired.

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2. APPROVE MINUTES OF SEPTEMBER 22, 2005.

J. GEHLHAART MOTIONED TO APPROVE THE MINUTES FROM THE SEPTEMBER 22, 2005 MEETING. S. O'BRIEN SECONDED THE MOTION. THERE WAS NO FURTHER DISCUSSION. ALL WERE IN FAVOR. MOTION CARRIED.

3. OLD BUSINESS

a. ALTERNATE REVENUE SOURCES

M. Carlson stated that he retained Yaggy Colby to complete a feasibility analysis on a transportation utility. Jeff Mundt, Project Planner from Yaggy Colby was present at the meeting and addressed the board. A letter addressed to Matt Carlson dated November 1, 2005 with attachments was provided to committee members. A utility is an opportunity to create a great deal of accountability in government. It is treated more like a private enterprise. The transportation system would be treated as a "commodity" with a finite amount of capacity to sell. The question is how to sell, price, and assess the commodity. He reviewed current methods of financing the transportation system. Through analysis and experience of traffic engineers, trip generation factors can be applied to a particular land use. Table 1: Trip Generation Factors, Table 2: Analysis Summary and Table 3: Comparisons were reviewed. Discussion took place on billing, road improvements, Oconomowoc's attempt to implement a Transportation Utility, special assessments, and impact fees. To make it legally defensible, you must come up with the right formula that captures the fundamental sense of fairness that goes with the model that you are trying to set up. B. Faracy stated that although this is an interesting idea, there is a lot to be worked out, and it is not a 2006 budget item; however it should be explored in depth throughout the year to determine if it is viable. This item will be taken under consideration, additional information will be gathered, and it will be revisited throughout the year. It was suggested to hold a series of workshops to explain the concept and gather input from the community after more information is available. This item should be discussed by the Finance Advisory Board at the next meeting. This would not be a tax, but an alternative method to finance street repair within the existing budget.

b. FINANCING FOR SPACE NEEDS

M. Carlson provided a copy of a draft Request for Proposal. It is structured so a potential real estate investor could bid either on the redevelopment of the city hall campus or construct a new building to meet the City's space needs, or both. M. Carlson asked if too much was trying to be accomplished with this one request for proposal, if the request for proposal be split, or what other information should be added to the request for proposals in order for the City to create opportunities to meet the space needs. The intent was to have the Finance Advisory Board review and process the information.

c. DRAFT RFP FOR SPACE NEEDS

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See above.

4. NEW BUSINESS

a. RECOMMENDATION TO COUNCIL REGARDING BUDGET

Discussion took place regarding the street resurfacing program. As the budget is now, the budget proposes financing 100% of the street resurfacing program. B. Faracy stated that while the street utility is being considered, there is the possibility that other things could be delayed, or removed. M. Czubkowski stated that if things were delayed in the capital budget it would not have any effect on this year's levy or tax rate. It was clarified that it was the capital improvements program that was being looked at (page 223 of the budget document). General discussion took place. It was stated that one of the reasons that the City's credit rating went up was because the Finance Advisory recommended and the Common Council started to move from the borrowing side to the pay-as-you-go side. The Council is looking for recommendations from the Finance Advisory Board (FAB) in terms of if things are being financed appropriately, are things being included in the capital budget and financing them over ten years when they should be operating expenses, and are any areas specifically being under-budgeted (i.e. utility costs). Part of the value of the FAB is to review the operating budget for these kinds of things. Various areas of the budget were discussed.

The revenue highlights were reviewed: property taxes, transportation aids, room tax revenues, building permit inspection fees, and interest revenue.

The cellular towers were discussed. The City has a master lease with US Cellular and subleases with Verizon and T-Mobile. The revenue from the towers was discussed. In addition, the cable TV franchise fees, ambulance fees, and administration revenues—other financial sources were reviewed.

The tax levy caps are making the strategies that the FAB mapped out last year impossible since the expenses are going up at a rate that exceed inflation. The city is trying to accomplish things with the employment agreements that would lead to the employee groups picking up additional portions of their health insurance on a monthly basis. The proposed budget does not add new staff, meets the tax cap that was implemented by the state legislature, and maintains the level of services that residents deserve.

Different strategies were discussed such as residences receiving a separate garbage bill and special assessments for street resurfacing.

The dollars set aside for the improvement of the City Hall and replacement of the overhead garage doors (fire department) were discussed.

S. Headley stated that the St. John's dam needed to be replaced. Liability to residents downstream was discussed.

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It was suggested that in next year's budget that instead of a summary by major project category, there be a summary by funding source. B. Faracy stated that if removing some of the projects from the amount bonded for, he would like the impact in terms of interest cost and how this is translated to what the levy would be for next year so that there would not be any risk of services being reduced. He would like to know the impact. M. Carlson clarified that they would like to know the total bond amount is, and within that bond amount what the funding source is to repay the debt.

It was stated that the tax levy could be increased because of debt service. In order to avoid increasing the levy for debt service on projects that the committee members did not agree with, then the projects should not be authorized. Page Two of M. Carlson's budget letter was referenced. The levy that goes to capital items that are bonded for are outside of the tax cap.

The committee pointed out that the Council should be aware that as projects are considered on capital expense budget, it should be understood that for every \$100,000 of capital expense the annual debt service (assuming 3.5%) would be \$11,500-\$12,000 annually.

M. Carlson addressed the fire buildings. Statistics from the fire department's annual report were provided to him. These included average response times to calls in each aldermanic district in Delafield. The numbers showed that for Districts 1, 2, and 7 the average response times exceeded the five minute standard. The only way to reduce response times would be to have facilities in that neighborhood. Originally there were three options. It has been now narrowed down to building a satellite station on the Village Square site and that of using part of the Village of Nashotah's fire station. To renovate the complete second story of Nashotah's station would cost approximately \$260,000. The estimated cost to renovate one-half of the second story of the Nashotah station would be approximately \$155,000. The cost to put a satellite station on Village Square would cost \$550,000. Discussion took place on the feasibility of merging fire departments. If the money is taken out of the budget or if it is reduced, a message may be sent to the other districts that may not want to be sent.

It was recommended that any savings be put into the fund balance until 25% is achieved (to meet the City's financial policy) and total tax levy of \$4,387,983.

No recommendation was made in regards to the Roller Mill Dam.

R. RAHN MOTIONED TO RECOMMEND TO THE CITY COUNCIL TO CONSIDER A TRANSPORTATION UTILITY AND THAT THIS BE REVISITED THROUGHOUT THE YEAR BY THE FAB WITH ONGOING STUDIES/ANALYSIS AND A RECOMMENDATION BY THE STUDY COMMITTEE TO BE PROVIDED BY JULY 1 AND NO RECOMMENDATION BEING GIVEN AT THIS TIME FOR THE 2006 BUDGET. S. O'BRIEN SECONDED THE MOTION. THERE WAS NO FURTHER DISCUSSION. ALL WERE IN FAVOR. MOTION CARRIED.

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S. O'BRIEN MOTIONED TO RECOMMEND THAT THE COUNCIL CONSIDER THE WISDOM OF BONDING FOR CITY HALL AND FIRE DEPARTMENT MAINTENANCE UNTIL THE SPACE NEEDS ANALYSIS IS COMPLETED. R. RAHN SECONDED THE MOTION. THERE WAS NO FURTHER DISCUSSION. ALL WERE IN FAVOR. MOTION CARRIED.

J. GEHLHAART MOTIONED TO APPRISE THE COMMON COUNCIL THAT FOR EVERY \$100,000 OF CAPITAL EXPENDITURE THAT IS FINANCED BY THE GENERAL FUND OVER A TEN YEAR PERIOD AT 3.5% IT HAS AN APPROXIMATE FUTURE DEBT LEVY COST OF \$11,500-\$12,000 PER YEAR THAT MUST BE PAID BY PROPERTY TAXES. R. RAHN SECONDED THE MOTION. THERE WAS NO FURTHER DISCUSSION. ALL WERE IN FAVOR. MOTION CARRIED.

IT WAS MOTIONED AND SECONDED THAT ALL SAVINGS ON THE GENERAL FUND OPERATING EXPENSES (INCREASE IN REVENUES OR DECREASES IN EXPENSES) SHOULD BE ALLOCATED TO THE FUND BALANCE AS STATED IN THE CITY'S FINANCIAL POLICY STATEMENT (25%) IN ORDER TO MAINTAIN THE TOTAL TAX LEVY OF \$4,387,983. THERE WAS NO FURTHER DISCUSSION. ALL WERE IN FAVOR. MOTION CARRIED.

5. CORRESPONDENCE

None.

6. ADJOURNMENT

S. O'BRIEN MOTIONED TO ADJOURN FROM THE MEETING. R. RAHN SECONDED THE MOTION. THERE WAS NO FURTHER DISCUSSION. ALL WERE IN FAVOR. MOTION CARRIED. THE MEETING ADJOURNED AT 9:35 P.M.

Respectfully submitted:

Minutes Prepared By:

Marilyn Czubkowski, CMC
City Clerk/Treasurer

Accurate Business Communications LLC