



Finance Committee Meeting Minutes of December 10, 2020

ABSTRACT/SYNOPSIS OF THE ESSENTIAL ELEMENTS OF THE OFFICIAL ACTIONS OF THE FINANCE COMMITTEE OF THE CITY OF WHITEWATER, WALWORTH AND JEFFERSON COUNTIES, WISCONSIN.

1. Call to Order and Roll Call.

Committee Chair Jim Allen called the meeting to order at 4:30 pm.

Present at the meeting were Committee Members Jim Allen and Greg Majkrzak.

Absent: Patrick Singer

Staff members and guests also present: City Manager Cameron Clapper, Finance Director Steve Hatton, Parks & Recreation Director Eric Boettcher

2. Authorization to Amend Agenda with Less than 72 hours Notice (Items Added to Agenda) – Addition of Innovation Center HVAC Update and Tax Incremental District Update

Allen made a motion to approve the amended agenda. Majkrzak seconded the motion.

Ayes: Allen, Majkrzak

Noes: None

Abstained: None

Absent: Singer

The motion passed by unanimous voice vote

3. Hearing of Citizen Comments – No members of the public in attendance offered comments.

4. Review and Approval of Minutes from October 8, October 13, and October 14, 2020 – Majkrzak made a motion to approve the minutes. Allen seconded the motion.

Ayes: Allen, Majkrzak

Abstained: None

Absent: Singer

Noes: None

The motion passed by unanimous voice vote.

5. Staff Updates

- a. Innovation Center HVAC Update – Hatton displayed the cover memo from the meeting packet. Boettcher explained the issues with the Innovation Center geothermal heating and cooling system (cooling, heating/cooling, and heating) and that components in the heating and heating/cooling units have failed. Currently the system is running at 50% and as it gets colder it will be harder to heat. Immediate need replacement costs are \$86,350. Once the repairs start and additional repairs are needed maximum repairs would be \$55,000 per unit. Full replacement is \$70,000 per unit. The cooling unit has had some issues, but nothing now. Repair pros include: parts are received quicker

compared to replacement and are less expensive. Cons include: there is no warranty, the unit is 10 years old and future repairs are likely. Replacing gives a 10 year warranty with 20 year life if maintained and possible use of components to repair the third unit. Cons include: more expensive, time, and only operating at 50%. The city worked with Vorpagal Heating on the quote and their recommendation is to replace the two units. Clapper said that the Finance Committee and Innovation Center Tech Park Board need to weigh-in on the issue, but he recommends replacing the two units. There may have been lack of maintenance early on. Hatton could discuss the financing. Allen asked what maintenance was missed because there aren't a lot of moving parts, just compressors and fans. Boettcher said that the water is an issue. In 2012 maintenance was turned over to the city. After review of the maintenance records, during the first 23 months of service the water chemistry wasn't tested/maintained. Since then it was corrected. Allen asked what was changed. Boettcher said the pH of the water and additives. The facility maintenance crew has learned more about the operation of the units. The city discussed replacing with other types of units, but it was determined that these would work best. Allen asked if they would warranty for more than ten years. Boettcher said most businesses only offer a ten year warranty. Majkrzak said the summary was good. Boettcher said the first two years did the damage. If the system is replaced and maintained properly there won't be the same issues. Majkrzak asked if there was confidence that the city has the knowledge. Boettcher said the facilities crew have learned a lot over the years. The building was designed for geothermal so a conventional unit would need new duct work and more. Hatton said that the Innovation Center is accounted for in Fund 920 which includes rents, revenues and expenditures. It pays its own expenses and has just under \$70,000 in Fund Balance. The thought is that the city would do an advance and it would be reimbursed in the future. Majkrzak asked if there was any benefit in replacing the units at different times. Boettcher said he didn't know but thought that the middle unit (heating/cooling) was needed for very hot or very cold temperatures. If you just replaced one it would put stress on the system. Allen asked what the recommendation was. Boettcher said to replace both the heating and the heating/cooling units and don't replace the cooling unit. Boettcher said he check with Vorpagal about not replacing the cooling unit and it affecting the warranty and they were not concerned as long as the units were maintained. Allen said that Vorpagal has had a long history with the city and he trusted their recommendation. Hatton said that the topic was included as informational, but wasn't on the agenda for action. Clapper said that the committee's endorsement counts. Allen said that it could be taken as direction.

- b. TID (Tax Incremental District) Update – Hatton said that the update was important to include because upcoming options are being promoted to the public. Hatton wanted to provide information for discussion with action to be taken in at the next meeting. Per Statutes, the TIDs need to close when they can pay all of their expenses. In 2021 all TIDs can be closed. Hatton reviewed that the City has the option to extend TID 4 for one year and would be able use the tax increment collected during that year to help support Affordable Housing. TIDs 5-9 are to be closed, regardless of whether TID 4 is extended for Housing or not. Any remaining fund balance at time of closure is returned to the underlying tax districts. Hatton provided estimates of the fund balance to be returned to the City and the increase and timing of Tax Levy following TID closures. Clapper said

TID 4 alone contains 12% of the overall city assessed value. If it is extended for a year, dollars could be used for affordable housing and new districts could be established. Hatton said if it was extended prior to April 15<sup>th</sup> a resolution would need to be created to terminate. Allen asked if an advisory committee is being put together by Cathy Anderson (Economic Development Director). Clapper said Anderson is working on all the steps and convening a meeting with all groups. She has been working with Neighborhood Services on an interactive map of future growth, existing TIDs and potential development. Allen said that Whitewater was successful with tax increment financing until the financial crisis of 2008. Hatton said there was a 10 year pause of development, but the TIDs were successful for funding projects that helped to prepare the City for growth.

c. Financial Update – Year-to-Date

Hatton reviewed the year to date numbers through November. There is an estimated surplus of \$430,000 for the general fund, which includes Routes for Recovery for COVID-19 expenses, personnel vacancies, and programs that weren't able to be offered as planned due to COVID. Clapper and department managers managed costs in absence of revenues. At the January meeting recommendations will be presented on surplus uses and transfers and negative fund balances will be addressed. In November shared revenue payments were received. Some of the operating deficits reflect planned use of fund balance. Hatton reviewed revenues and expenditures in 2020 and prior years.

6. 2021 Ride Share Program – The program in the city goes back to 1986 and the annual grant was submitted at noon today. Hatton will presented an overview to Common Council on Tuesday. In 2018 it was bid out for a two-year contract and in 2021 the contract is operating under a one-year option. Ridership has been in decline for several years until late 2019, when it began to recover. Due to COVID-19, ridership began to decline again in March. The city is responsible for any program shortfalls. The state has committed to fund shortfalls using CARES act funds in 2020 and 2021.

7. Discussion/Direction on the Following:

- a. 2020 Budget Amendment #1 – Hatton said that adjusting the budget for the 2010 bond call and 2020 wages budgeted in a lump-sum (1.5%) need to be reallocated to the various cost centers. Clapper stated that instead of leaving it in contingencies it would be better to make the change. Allen stated that Common Council may want a closed session item on how the wage increase was done. Clapper said it can be brought to the Common Council at a future meeting, but not at December 15<sup>th</sup> meeting.

Allen made a motion to recommend the budget amendment #1 to Council as presented. Majkrzak seconded the motion.

Ayes: Allen, Majkrzak

Noes: None

Abstained: None

Absent: Singer

The motion passed by unanimous voice vote.

- b. 2021 Salary Resolution – Hatton said that the salary resolution is completed yearly to authorize ranges of pay. Most of the changes are minor editorial changes. There was an

addition of 1.4%, which would cover the budgeted wage treatment and the highest potential supplement under the merit-pay program. Union positions are governed by contracts, which are good until the end of 2021. Parks & Rec positions; activity instructors and program attendants, were increased to staff programming. The changes to admin assistants are in titling only. The NSO position was added back to the resolution after being inadvertently removed in the 2020 resolution amendment adding a combined NSO / Fire Inspector position. Several positions have been footnoted to make it clear that they are paid-per-event and are not paid hourly.

Majkrzak made a motion to recommend the 2021 salary resolution to Council as presented. Allen seconded the motion.

Ayes: Allen, Majkrzak

Noes: None

Abstained: None

Absent: Singer

8. Future Agenda Items – Hatton said that surplus funds will be discussed at the next meeting.
9. Discussion of Next Meeting Date – The next Finance Committee meeting is scheduled for January 26, 2021 at 4:30 pm.
10. Adjournment - Majkrzak moved to adjourn with a second from Allen. The motion passed by unanimous voice vote.

The finance committee adjourned at 5:33 pm.

Respectfully submitted,

Kathy Boyd

Executive Assistant