

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

Finance Committee Meeting Minutes of October 13, 2022

Video of this meeting can be found online at <https://www.whitewater-wi.gov/AgendaCenter>

1. **Call to Order and Roll Call** – The meeting was called to order by Finance Committee Chair, Greg Majkrzak, at 5:30 pm. Finance Committee members present: Greg Majkrzak and Lisa Dawsey Smith. Committee member Lukas Schreiber was absent.
 - a. **Authorization to Hold Finance Committee Meeting with Less Than 72 Hours' Notice, As Required by City of Whitewater Transparency Ordinance** – Finance Director Hatton indicated that the meeting time change was made to resolve a conflict with the City Manager interviews. Item 2a was also added late to the agenda but did not require the 72-hour waiver. Smith moved to approve holding the meeting with less than 72-hour notice. Majkrzak seconded the motion. Motion passed by unanimous voice vote.
2. **Staff Updates**
 - Shared-Ride Taxi – 2023 Contract** – Hatton stated that this contract has to be rebid every five years. There is an initial two-year contract with three one-year options. The contract rate is adjusted by the CPI from August and the hourly rate will be increasing to \$36.65 for this year's option. Hatton said that the option has already been signed by Running, Inc., the parent company of Brown Cab. The contract option will be brought to Council at the next meeting and a signed option will be signed to the DOT. In December, the City will apply and submit the application for State and Federal grants that account for over half of the funding for the program. This grant application will be coming back to the Finance Committee and Common Council in December. Majkrzak asked if Running Inc. indicated whether this increase will help them retain employees to keep service levels up. Hatton said that he did call the owners of Running Inc. and the DOT. The DOT said to sign the option. The City can still go talk to the vendor and see if there is a need to adjust further with an amendment to the option, but the City has to exercise the option first. Hatton also said that he asked Running Inc. to explain why the increase isn't enough to attract qualified people. Hatton indicated that wages and fuel costs have been an issue since the original contract in 2018. There have been CPI adjustments, but those don't necessarily reflect wage rates. Hatton said that this doesn't require any action by the Finance Committee, it is just to give them the information before it goes to Common Council.
3. **Hearing of Citizen Comments** – there were none.
4. **Discussion and Direction on the Following:**
 - 2022-2023 Budget Review** – Hatton said that this is the third of three budget review meetings for the Finance Committee. Changes in the proposed budget since the previous meeting include changes to the health insurance numbers. The premium numbers have come in, so the estimates have been replaced with actual premiums. Overall, this change is nominal. The patrol position being restored is a change that was shown in the last meeting. At the request of the committee, Hatton has looked at the sick leave severance. There are 31 employees that are eligible for this benefit. Based on when these employees are eligible to retire, either age 65 or have 30 years of service,

there is a potential of drawing \$140,000 from this fund in 2023. As a result of this, Hatton has increased this budgeted transfer in 2023 so the fund balance will not go negative.

Neighborhood Services – Neighborhood Services Director, Chris Bennett, was not present, so Hatton gave the overview of this budget. He stated that the only item of note was the 4% wage increase for all employees. Resident David Stone asked that there be money available for outsourcing some of the planning questions to Vandewalle in the budget. Hatton stated that there was. Smith wondered about the \$20,000 in part-time wages. Hatton said that the current NSO is also a part-time CSO for the police department, making him benefit eligible. As a result of this, there were some allocation changes within this budget. Smith stated that the Professional Services decreased by \$20,000. She wondered if Hatton is ok with that. Hatton said that it is the same amount that was budgeted for 2022. A housing study and the conceptual plan for the Starin Road property was approved by Council outside of the 2022 budget, causing this account to go over budget.

Capital Improvement Program – Hatton stated that there are no changes for this. Borrowing has occurred for all projects and all but one are underway. The exception is the lift station, with this being rebid in the summer. Smith asked about the ARPA money timeline. Hatton stated that the ARPA money has to be committed by the end of 2024 and expended by 2026. The water tower and Vanderlip lift station is where the majority of this money was allocated. The money has been borrowed for all of the projects, except the note portion of one project. Hatton had been asked to provide information of how the projects have gone compared to budget. He did not have that document prepared for this meeting, but will provide it at a future meeting. Majkrzak stated that the purpose of this request was so that if the bids were coming in over budget consistently, they could reprioritize the projects. Hatton indicated that one project that is not in this two-year horizon is the County radio project. This project continues to take shape and expects it to come back in the 2024 budgeting cycle.

Debt Service – Revenue and Expense, Projections – Hatton indicated that the City levies for all of the general fund debt service. TID and utilities pay for their own portions. Whether the referendum passes or not, the debt service levy is not restricted by levy limits, so all of the funds required for debt service will be levied as necessary to maintain required debt repayments.

Fund 450 – Capital Projects Fund – Hatton said that there are no changes for this fund.

Administration – This includes the office expenses for the City Manager, City Clerk, and Human Resources. These offices support the broad organization and not all of their wages are carried here. Room tax is shown here. It has grown dramatically in the last several years, with the addition of a new hotel. 70 percent of the room tax revenue is required to be paid out to the tourism council. The assessor is also in this fund. Smith asked when the assessor contract is up for renewal. Hatton said he would have to find that out.

General Administration -

Legislative Support – This is the stipend for Councilmembers, publication fees, and publishing the municipal code.

Contingencies – Hatton stated that nothing has been budgeted for this, as the target fund balance has been reached. Past budget surpluses have been added to fund balance to help address unbudgeted expenditures (contingencies).

Legal – Hatton said that there is nothing of note in this fund. Smith mentioned that there is nothing allocated for a union attorney and asked if there should be, due to contract negotiations. Hatton said that he will add that.

Municipal Court – There are no changes other than inflationary to this fund. Smith asked if the hours are flexed, because wages have come in high the last two years. Hatton stated that interpreter services are more variable, and that may be the reason for it being higher. Smith asked if that should be increased. Hatton said that he would look into that. Hatton stated that he had not looked at the Propio interpretive service and how that could be used and allocated across departments.

IT – No changes to note. Most, but not all of the IT salary is in this fund. IT supports the whole organization, so some of the salary is allocated across the organization. Due to the vacancy in this position, the estimates are conservative, assuming family health insurance coverage, etc.

Finance – Hatton said that the vacant Accountant position is provisioned for in this fund. Smith asked if the other anticipated vacancy has been accounted for. Hatton said that the position has not been benchmarked yet. He is looking at the division of duties within the department, to try to streamline some duties.

Insurance/Risk Management – This accounts for the general fund portion of insurance premiums. The insured property values increase annually to ensure that the full value of the properties is covered, should something happen.

Emergency Preparedness – This is a provisional account. The salary for the Emergency Services Coordinator is included in this account, should he ever bill us for his time. Inspections and maintenance of the emergency siren system is also included in this account.

Fund 214 – Elections – This account is funded with \$25,000 each year. It maintains a fund balance, so there are not large fluctuations in the budgeted amount from year to year, depending on the number of elections.

Downtown Whitewater Grant – Hatton stated that historically this grant amount was \$30,000. The City is trying to reduce this amount, by finding ways to help this organization to be self-sustaining in the future. Currently, the City provides a \$25,000 grant to Downtown Whitewater.

Transfers – General Fund – Hatton said that for example, in 2022, the City couldn't balance the budget and fully fund each fund to the level needed, so they were prefunded with 2021 budget surplus generated by vacancies. This is similar to what is happening this year. For waste and recycling, if the referendum passes, this will be paid

through the general fund as it always has been. If the referendum doesn't pass, this \$467,000 will be moved to a bill for service on the utility bills. For DPW equipment, Fund 215, \$85,000 per year is put in this fund for equipment replacement. If the referendum doesn't pass, the City cannot afford to fund this. The police vehicle was pulled into 2022 and funded. The transfer for debt service is the same whether or not the referendum passes. For Fire/EMS, the transfer if the referendum passes maintains staffing two ambulances, if it doesn't pass it maintains staffing of one ambulance and paid on call fire personnel.

Fund 820 – Rock River Stormwater Group – Public Works Director Brad Marquardt stated that according to the bylaws of the group, the City is in charge of the money for the group. This carries a balance of a little over \$100,000 which is used for public education programs geared around stormwater.

Fund 900 – Economic Development – Hatton said that this is the operations fund for Economic Development. In the past, transfers from the General Fund, TID 4 and TID 6 funded this activity. For 2023, there is a transfer of \$50,000 from the affordable housing TID (formerly TID 4) as well as transfers from TID 11, 12, and 13, and the General Fund. Hatton stated that this is slightly negative, so he may tweak it to keep it solvent. Smith asked if the County/Regional membership fees included both counties. Hatton said that he would confirm that. David Stone asked if the water tower loan came from this fund. Hatton said that this is only for operations, the programs are in Fund 910. Hatton also stated that this CBDG grant is not on the books yet. After the project is paid for, the State reimburses the City.

TIDs 10-14 – Hatton gave an overview of closed TID 4 and the current TIDs 10-14.

TID 4 – This TID has a \$50,000 transfer out to fund affordable housing development through efforts of the CDA.

TID 10 – There is a little increment in this TID. This TID is helping to support the water tower project and is carries a negative fund balance that will be recouped with future increment.

TID 11 – This has \$27,000 in increment. It is also helping to support the water tower debt service. It also has a transfer out to CDA Fund 900 to staff the development of TIDs.

TID 12 – This TID is for the downtown area. It is supporting the downtown light replacement project. It has some increment and fund balance from borrowing. The project won't be completed until next year.

TID 13 – This TID is also supporting the water tower, with a transfer out for debt service. It has some increment revenue. This will have a significant negative fund balance for 2023. There is a transfer out for CDA operations. There was a \$3,000,000 error in the base value of this TID. Hatton is working with the DOR to correct the base value of this district, decreasing it by the error amount.

TID 14-This is the TID with the most increment, at \$62,000. This has transfers out to service debt incurred for both the water tower and the Vanderlip pumping station projects.

Proposed Revisions Based on Review Feedback – Hatton stated based on today's discussion, he has several things he will be looking into. He will fix the legislative table in

the general fund and confirm the assessor's contract. He will add provisioning for a union attorney. He will revisit the municipal court to make sure there is enough in part-time wages. He will add Propio to the IT lines across the budgets. He will revisit the Economic Development groups for both Jefferson and Walworth Counties.

Recommendation to Full Council for Approval – Smith moved to recommend approval of the budget to Common Council. Majkrzak seconded the motion. Motion passed by unanimous voice vote. It will be distributed to the Council at the November 1 Council meeting and the public hearing will be at the November 15 Council meeting.

2022 Note Borrowing Request – Hatton explained that from the last three years of CIP budgets, 2021-2023, there were projects that are not eligible for borrowing through general obligation bonds. In 2021, there were projects that were eligible for note borrowing, but the borrowing was being delayed for projects in the 2022-2023 budget cycle. There were no note eligible projects in that budget cycle, so this request is for 2021 projects only. These projects were paid for at the time they were completed and this request is to reimburse the City for those funds. These projects will be amortized over the useful life for each project. Hatton indicated that the last time a borrowing of this type was done, a letter was sent to 10 local banks to directly solicit the funds. He would like to do the same for this borrowing. The amount requested is lower than the budgeted amount, because only the actual cost of the projects will be borrowed. The amount requested is \$304,500. This item will go to Common Council on October 18, 2022. Smith moved to recommend approval of this request to Common Council. Majkrzak seconded the motion. Motion passed on a unanimous voice vote.

5. **Future Agenda Items** – None.
6. **Next Meeting Date** – The next meeting was set for November 22, 2022. Hatton stated that he may have a conflict and would contact the committee members, if he was unable to attend on that date.
7. **Adjournment** – Smith moved to adjourn. Schreiber seconded. Motion passed on unanimous voice vote. Meeting adjourned at 6:45 pm.

Respectfully Submitted,

Andrea Jacobs
Administrative Assistant/Deputy Clerk