

**VILLAGE OF FONTANA ON GENEVA LAKE
WALWORTH COUNTY, WISCONSIN**

(Official Minutes)

Finance Committee Meeting

August 15, 2013

The Finance Committee meeting was called to order at 6:00 pm on Thursday, August 15, 2013 by Chairman Patrick Kenny.

Members Present: Trustee Kenny, Rick McCue, Jim Feeney, Scott Vilona

Members Absent: Arlene Patek, Michael Sheyker

Also Present: Administrator/Treasurer Kelly Hayden, Village Clerk Dennis Martin, Trustee Rick Pappas

General Business

Approve Minutes for Meeting Held July 25, 2013

Feeney/McCue 2nd made a MOTION to approve the minutes as submitted for the July 25, 2013 meeting, and the MOTION carried without negative vote.

Monthly Review Items

Hayden stated that with the meeting date earlier in the month than usual, the reports have not yet been prepared. They will be sent out sometime in the next week for review at the next meeting.

PNC Banking Proposal Review

The proposal for the village's Utility Fund account was distributed at last month's meeting for review. McCue asked if the proposed interest numbers are solid, and Hayden replied that the proposal was drafted by PNC after reviewing the village's account records for the past few years. Hayden stated that the proposed credits were based on the amount of deposits the village had in its Money Market accounts at Talmer Bank, Walworth, the current depository for the Utility Account funds. The General Fund bank accounts are all at Walworth State Bank. Vilona asked why the village was considering a change, and Hayden replied that former Village property owner and trustee John Cole, an officer at PNC Bank, requested that a proposal be considered. Hayden stated that she informed Cole that she would present a proposal to the Finance Committee for review. Kenny stated that the committee members should review the proposal a little further and a decision can be made whether to consider a change at the next meeting.

2014 Budget Process and Schedule

Hayden stated as well a projected TID increment cash shortfall of \$500,000 to \$575,000, the 2014 budget will have to account for funding the Paratech Ambulance Service emergency medical service contract approved last month by the Village Board, as well as the wage increases for the Director of Streets and Director of Utilities positions and the salary expenses for the new DPW employee that were approved August 5, 2013 by the Village Board. After discussing the three areas of concern, the committee directed staff to request the 2014 budget department guidelines call for no increases from 2013. Feeney stated that the Village Board should put a freeze on hiring any new employees and they should not fill some of the open positions. Trustee Pappas stated that the only open position is the assistant zoning administrator/code specialist position that Bridget McCarthy has resigned from effective August 30, 2013. Kenny stated that he is worried about the 2014 budget considering the three areas of concern. Kenny stated that upon review of the financial spreadsheets distributed regarding the Village Board approved \$6 an hour salary increases for the Director of Streets and for the Director of Utilities, and considering the cost of the new DPW employee scheduled to start Monday, August 26, 2013, he does not think the total

budget impact will be less than the \$112,000 limit recommended by the Finance Committee at its July 1, 2013 meeting. Pappas stated that balancing the 2014 budget may be much more difficult if the salary increases approved for the new DPW director positions are not carried through and the employees decide that they do not want to assume the new positions. Pappas stated that if a new DPW director has to be hired, the new Utility Department employee already has been approved, and it will result in one more fulltime employee expense. Hayden stated that the problem with the raises approved by the Village Board for the new positions is the effects of the overtime rate called for in the union contract and the additional hours they will have to work for administrative duties. Pappas stated that the overtime hours may decrease in 2014 when the two new Utility Department employees earn their state licenses necessary to take some of the workload off Dennis Barr. Hayden stated that even with less overtime hours for the required water testing duties on weekends, Barr and Ron Adams will be generating more overtime hours with their new administrative duties and the union contract calls for overtime to be paid at about \$13 an hour in addition to the regular hourly rate. Hayden stated that in the past the budget has not been subject to administrative overtime expenses when the staff works longer workdays and attends after hours meetings because they were salaried, non-union positions and not subject to overtime compensation. As well as directing staff to draft the annual budget guidelines letter to call for no increases from 2013, the committee amended the budget planning meeting schedule as follows: Monday, September 9, 2013: Village Board hears Finance Committee guidelines for 2014 budget; Thursday, September 12, 2013: Budget worksheets distributed to all departments; Monday, September 30, 2013: Finance Committee initial review of preliminary budget worksheets for all village departments and for the Utility Budget; Thursday, October 3, 2013: Finance Committee review of committee approved final budget worksheets; Thursday, October 17, 2013: Full Village Board and Finance Committee preliminary budget workshop; Monday, October 21, 2013: Deadline for publishing budget summary; Thursday, October 24, 2013: Publication date for the budget summary; and Monday, November 11, 2013, public hearing for the 2014 budget.

Ehlers and Associates Numbers for Bonding

Hayden stated that she contacted Jim Mann of Ehlers and Associates and he supplied the figures for the distributed spreadsheet that tracks the expenses for borrowing \$2 million, \$4 million or \$6 million. Hayden stated that the Finance Committee was considering if the Village should bond for future projects, but the funds carried over from last year for not-yet-completed projects also has to be taken into consideration. Hayden stated that Mann suggested that the Village borrow funds this year for next year's anticipated projects because the interest rates are bound to increase. Hayden stated that another reason to bond in 2013 is that the 2014 audit report will include the fact that the equalized value of the TID is decreasing in total value by 21 percent, and that the surplus or undesignated fund account may have to be depleted to fund some of the DPW salary increases and the cost for the recently approved Paratech Ambulance Service EMS contract. Following discussion, the committee members reached the consensus that the Village may have to bond for \$3 or \$4 million for 2014 projects.

Feeney/McCue 2nd made a MOTION to direct staff to move forward with the planning to borrow \$4 million in 2013, but the total could be reduced to \$3 million. The MOTION carried without negative vote.

Debt Management 2013

Following discussion, the committee members reached the consensus that the Village may have to bond for \$3 or \$4 million for 2014.

August 15th Equalized Value & TID Report

Hayden stated that the report was received earlier in the day, and the overall equalized value of the village showed a slight decrease; however, it includes a 21 percent decrease in the value of the

Tax Incremental Financing District. Hayden stated that after talking to a state official, it was explained that the decrease in the TID value actually incorporates a decrease in the equalized value for the last two years. Hayden stated that last year the TID value decreased, but the state DOR did not adjust the equalized value accordingly. So this year, the General Fund will have to make up for a \$500,000 to \$575,000 shortfall for debt service payments for the TID loans. Last year, the shortfall was \$375,000.

Transfer of \$400,000 from Debt Service Fund to General Fund

Hayden stated that the Village Board approved the transfer of the \$400,000 in the Debt Service Fund to the General Fund as recommended in the 2012 Audit, but it has not been allocated.

Next Meeting Date

The next meeting was scheduled for Monday, September 30, 2013 beginning at 5:00 pm.

Adjournment

McCue/Vilona 2nd made a MOTION to adjourn the meeting at 7:06 pm, and the motion carried without negative vote.

Minutes prepared by: Dennis L. Martin, village clerk

Note: These minutes are subject to further editing. Once approved by the Finance Committee, the official minutes will be kept on file at the Village Hall.

APPROVED: 9/30/2013