

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

(Official Minutes)

Finance Committee Meeting

October 8, 2012

The Finance Committee meeting was called to order at 6:00 pm on Monday, October 8, 2012 by Chairman Patrick Kenny.

Members Present: Trustee Kenny, Arlene Patek, Jim Feeney, Rick McCue, Michael Sheyker

Members Absent: Drew Gilchrist, Scott Vilona

Also Present: Administrator/Treasurer Kelly Hayden, Village Clerk Dennis Martin, Trustee Rick Pappas, Village President Arvid Petersen, Director of Public Works Craig Workman

General Business

2013 Budget Planning: Street Improvement Plan, Bonding Schedule, Full 2013 Budget Review, Utility Budget

Hayden presented the projected revenues for 2013, with some numbers including proceeds from debt yet to be determined. Workman presented the 2012-2016 infrastructure improvement plan for the roads that have PASER ratings of 6.0 or lower. To fund the projects recommended by the Public Works Committee for completion in 2013, the Village will have to borrow a total of \$3.2 million to supplement the projected state shared revenue the village will receive from the Local Road Improvement Program and the \$800,000 that is already borrowed and will be carried over from the 2012 budget. Following discussion, the committee members came to the determination that the village will have to borrow funds the next three years if all the projects identified in the improvement plan are going to be completed. The committee directed Workman to further breakdown the plan with annual borrowing limits based on the average amount of debt projected to be paid off each of the next three years. Following a discussion on the ramifications of continued borrowing to fund the infrastructure improvement plan, Hayden stated that that Village may have to consider increasing the tax levy to supplement the borrowing as debt service payments could increase to a level that will force other budget cuts to be made. Sheyker stated that the bonding decision for this year can be finalized after the budget is drafted and the proposed tax levy is established. Hayden stated that she is still waiting for the levy limit calculations from the state, as well as other information since the Village has moved up the budget planning schedule this year due to the conflict with three Village Board members attending the annual League of Wisconsin Municipalities conference October 17 to 19, 2012. The committee then discussed the need to add road maintenance work to the street improvement plan in order to maintain the roads that have current PASER ratings of 6.5 or higher. The committee eventually directed Hayden to add \$50,000 for slurry and crack filling work to the \$20,000 DPW line item for repairs and maintenance, for a total of \$70,000. The committee then discussed the need to determine amounts to put into the 2013 contingency fund and for the projected CDA shortfall, and discussed the CDA shortfall's effect on the undesignated fund balance. Hayden stated that Auditor Patrick Romenesko has indicated that the CDA shortfall on increment generated cash to pay its debt service, which has subsequently has fallen onto the Village's General Fund, has to be disclosed as a liability against the undesignated fund balance until the debt is paid off or until the TID generates enough increment to cover the CDA borrowing. Hayden stated that the time may have come that the Finance Committee and Village Board have no other alternative other than to consider an increase in the tax levy to cover for the CDA shortfall and the distressed TID, as well as to supplement the projected bonding for the infrastructure improvement plan. Feeney asked if Ehlers and Associates should be requested to attend the next budget meeting and provide advice on the borrowing plan. President Petersen

stated that it would be a little premature to have the village's financial advisors come to the budget meeting. Petersen stated that the Village should first determine what the borrowing needs will be for the initial five-year infrastructure improvement plan, and consider an increase in the tax levy to address the CDA shortfall, which will be more than \$200,000 in 2013. Hayden then presented the projected expenses. The Utility Budget draft has not yet been completed. Feeney/Sheyker 2nd made a MOTION to direct staff to prepare a preliminary 2013 budget for presentation at the October 11, 2012 joint session meeting with the tax levy unchanged from last year; and to draft a couple of budget options based on allowable tax levy increases that adhere to the state levy limit regulations, with one draft based on the maximum levy limit, and with all the drafts to include budgeted funds to supplement the borrowing for the infrastructure improvement plan and to cover the projected CDA shortfall. The MOTION carried without negative vote.

Next Meeting Date: October 11, 2012 – Joint Session Budget Planning Meeting

The next 2013 budget planning meeting has been scheduled as a joint session with the Village Board on Thursday, October 11, 2012 beginning at 6:00 pm at the Fontana Safety Building, 190 Fontana Boulevard, because the Village Hall meeting room is being used for Municipal Court.

Adjournment

Feeney/Sheyker 2nd made a MOTION to adjourn the meeting at 6:52 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: 11/19/2012