

VILLAGE OF FONTANA ON GENEVA LAKE
WALWORTH COUNTY, WISCONSIN
(Official Minutes)

MONTHLY MEETING of the FINANCE COMMITTEE

Monday, August 2, 2010

Chairman Patrick Kenny called the monthly meeting of the Finance Committee to order at 5:03 pm in the Village Hall, 175 Valley View Drive, Fontana, Wisconsin.

Finance Committee members present: Chairman Pat Kenny, Jim Feeney, Arlene Patek, Mike Sheyker, Drew Gilchrist, Lou Loenneke

Finance Committee member absent: Rick McCue

Also present: Rallee Chupich, Administrator/Treasurer Kelly Hayden, Clerk Dennis Martin, Trustee Micki O'Connell, Trustee Peggy Pollitt, Trustee George Spadoni, Tom Whowell

General Business

Approve Minutes for Meeting June 30, 2010

Feeney/Sheyker 2nd made a MOTION to approve the minutes as submitted for the meeting held June 30, 2010, and the MOTION carried without negative vote.

Monthly Review Items

The payables and bank reconciliation reports, revenue/expense statements, balance sheets, vendor report, payroll overtime report, cash flow statements and room tax comparisons were emailed and/or distributed to the members, and reviewed by Sheyker and Feeney. The room tax comparison was updated through June.

Feeney/Sheyker 2nd made a MOTION to acknowledge the receipt of the reports and to place them on file for the audit, and the MOTION carried without negative vote.

Fontana Fourth Fest Report & Financial Report Fourth of July P/L Statement

Hayden distributed a seven-year comparison of the Fourth of July holiday operational expenses and revenue totals. Hayden stated that a staff meeting to debrief on the inaugural Fontana Fourth Fest event was held and attended by most of the Village Board members. Hayden stated that the future plans for the Fourth of July holiday will be discussed by the Village Board at its monthly meeting in September. At this year's event, the total revenue for the weekend was \$16,627 and total expenses were \$12,548. Hayden stated that the parking revenue total this year does not include the proceeds from the meters because the meters were not zeroed out prior to the holiday weekend. The committee discussed the need to have parking pay stations installed in the beach parking lot and the lot across the street in order to secure more revenue. The installation of pay stations is included in the CDA Lakefront Building Project proposal, which will go to referendum September 14, 2010. The committee members were in consensus that if the referendum fails to be approved, the Village should make plans to have the pay stations installed through another means of funding. Hayden stated that the pay stations are producing more revenue than the old parking meters, especially the credit card receipts. Hayden stated that the joint fund-raising effort for the fireworks display with the Geneva Lake West Chamber of Commerce was very successful. Hayden stated that about \$5,000 is remaining in the fireworks bank account being maintained by the Chamber of Commerce. Feeney asked why the Chamber of Commerce is maintaining a separate account for the funds donated for fireworks. The Chamber of Commerce has 501c3 nonprofit organization status, so the donations for fireworks can be tax deductible if the fireworks fund is maintained by the Chamber of Commerce. Hayden stated that the Village budget for the fireworks display was again \$2,500 this year. Hayden stated that concession sales are also up this season at the beach. Hayden stated that the movie nights at the beach on every other Saturday night have provided extra concession revenue. Hayden stated that there are issues with the boat launch and parking of trailers on the streets that could impact revenue next season. Patek asked if there is any reason why the village can't use some of the property it owns to have boaters park their automobiles and trailers. O'Connell stated that the problem with

parking at the former Ball property or at the former Headquarters property is that people have to walk long distances from the launch to and from their trailers. O'Connell stated that the Village would need some type of shuttle service to alleviate the congestion that accumulates in the launch area while boats are backed up at the pier. Feeney stated that he thought the CDA made the decision to reduce the number of stalls in the boat trailer parking lot to help limit the number of boats on the lake. Feeney stated that when the lot is full, the launch should be closed. Feeney stated that the Village could consider a lot of alternatives to provide parking space for boat trailers; however, he thought the intent was to limit the number of boats that are on the lake. Spadoni stated that the Village needs to capture as much revenue as possible or make some tough decisions and cut personnel and/or services in next year's budget.

Working Capital Policy Resolution Recommendation

Hayden stated that she distributed the proposed resolution establishing a working capital policy and added a clause stating that the Village will need approximately two to three years to comply with the policy. Pollitt suggested that the clause in the draft resolution that states "to offset budgetary needs" should be changed to "to offset unbudgeted needs;" and that the final clause in the draft resolution should be changed to state "the Village must comply in two to three years with this policy." Also under item "A" in the policy, it should be changed from "Board Approved Capital Expense Purchase" to "Board Approved by Two-Thirds Majority Vote Capital Expense Purchase." Pollitt stated that it was unbudgeted expenses that put the Village in its financial predicament and the working capital fund has been depleted. Pollitt stated with regard to the last clause, the resolution should be made clear that the undesignated and unreserved fund balance must be at a minimum of 30 percent of the total general fund annual revenues within two to three years. Feeney stated that he does not think there is any way the Village could be in a position to budget enough funds to reach that goal in two or three years. Gilchrist stated that the Village could go to referendum to seek authorization to exceed the state levy limits to reestablish the working capital balance. Spadoni stated that he agrees with Gilchrist and he is going to recommend that the Village Board certify a referendum question for the November 2, 2010 General Election ballot to exceed the state levy limit by \$500,000. Spadoni stated that if the referendum is not approved, the Village will have to consider tough cuts to the staff and service expenses to meet the state levy limit cap. Hayden stated that staff did not receive any other suggested changes to the draft resolution. Feeney stated that the Finance Committee may want to hold off on the resolution until the 2011 budget is planned. Pollitt stated that the policy just puts the timeframe in place to replenish the working capital fund, it is not approving a budget. Spadoni stated that the Village needs to make some long-term decisions. Sheyker stated that the Village could increase its revenue by selling some of the property it currently owns, and a committee should begin planning to sell some property. Gilchrist stated that if approved, the working capital policy will require the largest single line item in the budget, and the committee should wait and see if it is a workable policy before the resolution is adopted. Feeney stated that the tough financial decision are ultimately up to the Village Board members to decide, and it may take three to five years to reach the goal stated in the proposed working capital policy. Pollitt stated that the proposed policy is very important as it protects the Village's financial future. Pollitt stated that the proposed policy is very conservative and the Village will have three years to accomplish it. Pollitt stated that the Village Board can always vote to change the policy in the future with an amendment to the initial resolution. Pollitt stated that the Finance Committee needs to be more stringent with its fiscal policies and it should recommend adoption of the resolution as amended.

Feeney/Patek 2nd made a MOTION to recommend Village Board approval of the resolution establishing a Working Capital Policy for the Village of Fontana on Geneva Lake as amended, and the MOTION carried without negative vote.

Breakdown of Duties for Public Works Weekend Overtime Hours

Director of Public Works Craig Workman was not yet at the meeting and the report was going to be given following the 2009 audit presentation before the Finance Committee and Village Board later that evening. Following the audit presentation, Workman stated that overtime is being limited this year as directed; however, there are required weekend duties in the Water Department. Kenny asked Workman to attend the next monthly committee meeting to provide the requested breakdown of duties on Saturdays compared to Sundays.

Letter Received from Gordy's Lakefront Marine, Inc.

Tom Whowell stated that he wanted to speak to the committee members about the CDA Board's decision to spend \$5,000 for Attorney Hank Gempeler to review the official titles, deeds and records of the Lake Street business properties currently owned by James and Carol Whowell and by the Gordy's Group and to provide a legal opinion on the riparian rights and width of Lake Street. Tom Whowell stated that the issue that should concern the Finance Committee is the municipal funds that are being wasted by the CDA. Tom Whowell stated that the unfounded allegations are being printed in the local newspapers at the expense of his families' reputation and it has created an awkward atmosphere at the businesses. Tom Whowell stated that village records include plats that show the riparian rights and a survey prepared by Harold Kolb for the Village was reviewed and approved by the Village and the state in 1990 when the Designated Mooring Area Ordinance was adopted and codified. Tom Whowell stated that the whole issue of riparian rights not being properly assigned to the Lake Street business properties is nonsense. Tom Whowell stated that the Gordy's Group has legal documents, the DMA Ordinance and a lifetime of municipal and state permits that demonstrate its ownership of the riparian rights. Tom Whowell stated that he had with him at the meeting Village documents from 1956 that show Gordon Whowell received authorization to install a pier on his lakefront property. O'Connell stated that the Lakefront and Harbor Committee currently is reviewing all the Village DMAs for codification, and asked what the 1990 ordinance encompassed. Hayden stated that the Village has codified some of the individual DMAs in three different ordinances adopted in 1990, 1991 and 1995. The January 8, 1990 DMA ordinance established the Village's mooring area as a whole. The May 6, 1991 ordinance codified the individual DMAs for the commercial area and the Brookwood subdivision. The April 3, 1995 ordinance codified the Club Unique Subdivision DMA. Spadoni stated that he wanted to let the Finance Committee members know that the Village Board voted at its July 6, 2010 meeting to table the request by Lou Loenneke to fund a legal review of the lakefront riparian rights and has not taken any subsequent action on the request. Tom Whowell stated that he is available to provide accurate information at any time.

2011 Budget Schedule

Hayden stated that the 2011 budget planning schedule was distributed and she asked if any of the committee members have conflicts with the dates. Hayden stated that the plan is to start the process one month earlier than previous years. Hayden stated that the Utility budget also has been moved up to be completed at the same time as the Village budget. The first meeting for the initial review of preliminary budgets is scheduled for Thursday, September 9, 2010. Feeny asked if the committee was going to request a zero increase in operational expenses again this year. Spadoni stated that the Village has some major expenses proposed in 2011, including the \$100,000 proposal to rewrite Chapters 17 and 18 of the Municipal Code. Spadoni stated that the Police Department also needs two cars replaced next year and the Village should consider leasing new vehicles instead of purchasing them. O'Connell stated that the \$2.8 million Abbey Springs water main project also will have to be in next year's budget. Sheyker stated that the Finance Committee is recommending no increase in operating expenses, not in the capital budget.

Loenneke/Feeny 2nd made a MOTION to request that the department budgets have no increase from last year's budget for operational expenses, and the MOTION carried without negative vote.

Budget Amendments

Hayden stated that the Village has not followed through in recent years with the recommended budget amendments. Hayden stated that budget amendments are a state requirement and the Village must complete them at the end of the year. Hayden stated that the Village does not have all its annual expenses invoiced by the end of December, so Patrick Romenesko recommends that the amendments be adopted in January or February. Hayden stated that if the budget amendments are adopted in January or February, they can still be added to the annual audit report. Hayden stated that Romenesko will discuss the budget amendments at the audit presentation at the monthly Village Board meeting to be held immediately following the committee meeting.

Schedule Quarterly Reviews

Hayden stated that the department heads will attend the next monthly meeting to discuss the quarterly review of their 2010 budgets.

Bonding Schedule 2010

Hayden stated that the schedule has not yet been drafted, but it will be presented during the last quarter of the year.

Chairman Kenny called for a recess in the committee meeting at 5:58 pm until the commencement of the monthly Village Board meeting at 6:00 pm, at which Romenesko was scheduled to present the 2009 audit report.

2009 Audit Report

Romenesko presented the annual audit report and his audit management letter to the Village Board and Finance Committee. Following the report, the Finance Committee recommended acceptance of the audit and management reports as presented.

Feeney/Sheyker 2nd made a MOTION to recommend Village Board acceptance of the 2009 audit report and audit management letter as presented, and the MOTION carried without negative vote.

Next Meeting Date

The committee directed Martin to schedule the next monthly meeting for Thursday, August 26, 2010 beginning at 6:00 pm.

Adjournment

Feeney/Kenny 2nd made a MOTION to adjourn the monthly meeting of the Finance Committee at 6:36 pm, and the MOTION carried without negative vote.

Minutes prepared by: Dennis 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: 8/26/10