

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

(Official Minutes)

Finance Committee Meeting

August 20, 2009

The monthly Finance Committee meeting was called to order at 5:02 pm on Thursday, August 20, 2009 by Chairman Patrick Kenny.

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

Members Absent: Lou Loenneke, Drew Gilchrist

Also Present: Administrator/Treasurer Kelly Hayden, Kevin Kirkland, Village Clerk Dennis Martin, Trustee Micki O'Connell (arrived at 5:45 pm)

Visitors Heard

None

General Business

Approve Minutes for Meetings Held July 23, 2009

McCue/Feeney 2nd made a MOTION to approve the minutes for the meeting held July 23, 2009, as submitted, and the MOTION carried without negative vote.

Approve Payables & Bank Reconciliation Reports

Feeney and Sheyker reviewed the monthly payables and bank reconciliations prior to the meeting. Patek/McCue 2nd made a MOTION to acknowledge the presentation and review of the payables and bank reconciliation reports and to place them on file for the audit. The MOTION carried without negative vote.

Lake Geneva Marine Lease Renewal

The current three-year lease with Kevin Kirkland expires December 31, 2009. Hayden stated that preliminary discussions have centered on a 5-year lease with a provision for Kirkland to have the first right of refusal to lease space in a new lakefront building, if and when it is approved and constructed. Hayden stated that Kirkland would be allowed to continue to operate his current business or expand his operations to include new building management duties in the new lakefront building. Hayden stated that the preliminary recommendation also is to keep the notice parameters in the contract to allow for either party to terminate the contract with proper notification to the other party. The committee then discussed with Kirkland the preliminary plans to add non-motorized equipment rentals at the lakefront building next season. Hayden stated that the Finance Committee should make a recommendation on the term of the contract and the fee. The expiring three-year contract featured a 3 percent fee increase each year. Feeney/Sheyker 2nd made a MOTION to recommend that a new 5-year lease be drafted and the rent be increased by 3 percent each year from the current rate of \$35,106. The MOTION carried without negative vote.

Fourth of July P&L Statement

Hayden distributed a spreadsheet that compares the revenue and expenses for the last six years for the Fourth of July holiday. This year, the Village spent \$3,252 more on expenses than the total revenue earned. Last year, the Village realized a \$401 profit; in 2007 the Village realized a \$987 profit, and in 2006, the Village realized a \$2,337 profit. In 2005, the Village had a loss \$2,907 for the holiday; in 2004 the Village had a loss of \$3,540; and in 2003, the Village had a loss of \$2,012. Hayden stated that this year's wages were more expensive than other years because this

season's lakefront staff features a lot of employees who returned from last year, so there salaries were greater than the starting pay level. Hayden stated that the rainy weather played a large part in the revenue being lower this year as compared to previous years. Hayden stated that the Village has to have enough personnel working on the holiday to provide traffic and parking control during the very busy day. Hayden stated that staff and some of the Village Board members have had preliminary discussions on organizing a special event on the Fourth of July that would help generate funds for the Village to help offset the expenses. The Finance Committee suggested attempting some type of "Taste of Fontana" event and charging people a park admission fee.

Fire and Rescue Services Intergovernmental Agreement with Town of Walworth

Hayden stated that staff is still gathering information on the total financial impact the Village will realize if it provides fire and rescue first-response services to a portion of Walworth Township. Hayden stated that the scope of the expense research expanded after initial information was collected. Hayden stated that the Village's extraordinary expenses ordinance was adopted in 2003 and it calls for a \$500 hourly fee for the fire truck. Hayden stated that the current FEMA rate for a fire truck is \$175 per hour. Hayden stated that the Village ordinance and resolution governing extraordinary expenses need to be updated, and the additional premium the Village will receive for its worker's compensation insurance has to be calculated. The worker's compensation insurance premium is affected by the total population figure that the fire and rescue squad provides first response service, so there will be an increase in the premium if the IGA is approved. Hayden stated that the Village wants to ensure that all additional expenses will be covered if the proposal is approved. Hayden stated that a draft of an agreement also needs to be completed and reviewed by the Village attorney. Hayden stated that Walworth Town Supervisor Larry Austin will come to a Finance Committee meeting to help finalize a proposed IGA.

FW/WPCC Expansion Grant & Sewer Rate/Consumption Fee Schedule Increase

Hayden stated that as part of the Clean Water Fund Program loan application preparation with Strand Associates, the engineering firm is still forecasting the need for a significant sewer rate increase to cover the borrowing for the \$4.3 million to \$4.8 million project. Hayden stated that the engineering firm will be making a presentation at the next Village Board meeting on Tuesday, September 8, 2009 beginning at 6:00 pm where the expansion plans and financial ramifications will be presented. Hayden stated that the project is currently out to bid, but the engineering firm is concerned that the bids may come in much higher than anticipated due to new construction manpower and supply requirements. Hayden stated that amending the minimum charge for sewer consumption will enable the Village to meet the debt payment for the project borrowing; however, Strand has still calculated that the sewer rates should be increased by 45 percent. Hayden stated that they are still trying to work out a structured rate increase to phase the rate increase in over a period of time. Hayden stated that the contract bids are due September 4, 2009. Feeney stated that the need to expand the sewer treatment facility is ultimately going to cost homeowners a lot more money for clean water and sewer service. O'Connell stated that the plant is at capacity and in need of an additional clarifier.

Possible IGA with Village of Sharon for Building & Zoning Services – Update

Hayden stated that another meeting was held with representatives from the Village of Sharon and the initial focus has been on the Village of Fontana receiving 80 percent of the permit revenue and Sharon receiving 20 percent. Hayden stated that they are also considering other fees for duties that are not connected to issuing building permits, such as cross connection inspections and compliance patrolling. Hayden stated that the proposed IGA also will incorporate a provision that the expenses for any additional training that is required specific to Village of Sharon properties will be funded by the Village of Sharon. O'Connell stated that she is concerned that the Village of

Fontana will not be short changed on inspection duties if the Village agrees to also provide services for Sharon. O'Connell stated that she wants to make sure that the two-person staff will be able to handle the additional duties without jeopardizing the quality of service in Fontana. Hayden stated that the one-year trial period is being proposed with those concerns in mind.

Deposit Collateralization Agreement with Banks to Secure Uninsured Deposits

Hayden stated that the annual audit report recommended that the Village secure its uninsured deposits during the tax collection season when the total deposits exceed the FDIC insured level. Hayden stated that Walworth State Bank has been contacted and they are researching the Village's options. Sheyker presented a couple of options that the Abbey Springs association used through Harris Bank during recent periods when the association had a lot of cash on hand for construction projects. Hayden stated that the Village of Fontana has \$5 to \$10 million in cash deposits at times during the tax season, but after that 30- to 60-day period, the total deposits are back to a level that is covered by the FDIC. Sheyker stated that there are some security funds that allow deposits to be made for 10- to 15-day periods at a 2 to 2.5 percent interest rate. Sheyker stated that he is not sure if those options are available for municipalities, so more research would be required. Kenny stated that Walworth State Bank will probably be able to offer some of the same options presented by Sheyker.

2010 Budget Timeline for Village, Water & Sewer, and Storm Sewer

Hayden distributed the initial 2010 budget preparation schedule. The Finance Committee members were in consensus that the departments should plan for no increase in the budget levels from last year. During a discussion on the projected revenues for 2009, the Finance Committee members decided to propose a spending freeze for the rest of the year. The Finance Committee members reached a consensus that there should be no more spending this year on items that are not in the 2009 budget, and that spending on all remaining items in the 2009 budget should be reviewed by the Village administrator and approved only if necessary.

McCue/Feeney 2nd made a MOTION to recommend that the Village Board adopt a Resolution that prohibits spending on items not in the 2009 budget, and that requires spending on all budgeted items to be reviewed by the Village administrator and approved only if necessary. The MOTION carried without negative vote.

Next Meeting Date

The committee directed Martin to schedule the next meeting for Thursday, September 24, 2009 beginning at 5:00 pm.

Adjournment

Patek/Feeney 2nd made a MOTION to adjourn the finance committee meeting at 6:18 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: 9/24/09