

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

(Official Minutes)

Finance Committee Meeting

October 7, 2010

The Finance Committee meeting was called to order at 6:00 pm on Thursday, October 7, 2010 by Village Clerk Dennis Martin.

Members Present: Lou Loenneke, Arlene Patek, Rick McCue, Drew Gilchrist, Trustee Pat Kenny (arrived at 6:06 pm)

Members Absent: Jim Feeney, Michael Sheyker

Also Present: Administrator/Treasurer Kelly Hayden, Village Clerk Dennis Martin, Trustee Micki O'Connell, Trustee Cindy Wilson

Elect Chairman Pro-Tem

Gilchrist/Loenneke 2nd made a MOTION to elect Rick McCue as the chairman pro-tem for the meeting, and the MOTION carried without negative vote.

General Business

2011 Budget Review

Hayden distributed the levy limit worksheet and stated that because of a change in what debt service can be included in the calculation, the Village levy limit for 2011 currently can be increased up to a maximum of \$3,430,669, compared to \$2,772,000 last year. Hayden stated that in previous years, municipalities were only allowed to subtract any debt service that was incurred after 2005. Hayden stated that the Village refinanced most of its debt last year, and that total can all be used in the levy limit calculation this year. Hayden stated that if the levy limit is increased to its maximum, the mill rate would have to be increased by 23.75 percent. Hayden then presented the revenue projections for 2011. The village will receive \$435,101 in state transportation aid, but at least that amount has to be included in the budget for road maintenance and construction. O'Connell asked Hayden to check if the aid funds can be allocated for plowing and vehicle maintenance expenses. Hayden stated that the village Building and Zoning Department also has received another request to submit a proposal to provide building inspection services, so that is another possible revenue source for 2011. Hayden stated that proceeds from long term debt are still unknown, but she plugged in last year's budget number for the time being. Hayden stated that if the 2011 tax levy is set at the maximum, and without the debt service included yet, total revenue is projected at \$5.1 million. Gilchrist stated that the Village Board needs to determine if it wants to tax to the levy limit as it will result in a significant increase in the mill rate. Hayden stated that with \$1.3 million in capital projects included, the preliminary budget would require about \$500,000 in borrowing or \$500,000 would have to be cut from the budget. The mill rate was \$2.15 last year, and if the preliminary budget is not changed and the Village borrows \$512,161, the mill rate would be \$3.07 for 2011. Hayden stated that the current figures do not take any cuts into account. O'Connell stated that one of the two vehicles being requested by the Police Department can be added to the borrowing and purchased this year, and the asphalt and retaining wall projects in the Safety Building parking lot also can be cut from next year's budget. Wilson stated that the \$5,000 for the Park Commission boardwalk project at the Hildebrand Nature Conservancy is in the 2010 budget, so it can be cut from 2011 if the project is commenced in 2010. Hayden stated that the current budget also has the Police Department education reimbursement line item at \$23,522 and it can be phased in over a three-year period. Gilchrist stated that there will have to be \$500,000 to \$600,000 cut out of the operating budget if the Village Board does not want to propose a tax rate increase this year. The committee then went

through the preliminary budget and removed the line items for a new gazebo in Reid Park and the other capital outlay items and reduced the allocation for the working capital from \$150,000 to \$100,000, and reduced the library and Rescue Squad budgets. The Finance Committee also directed Hayden to keep the budget line item for the Geneva Lake Law Enforcement Agency at the same level as last year. Hayden stated that with all the capital items taken out and no new debt, the budget would be below last year's levy limit. A lengthy discussion then ensued on the proposal to have Chapters 17 and 18 of the Municipal Code rewritten for approximately \$100,000. With the rewriting project still included in the preliminary budget, the Finance Committee cuts resulted in a mill rate of \$2.31, compared to \$2.15 last year. The increase of 16 cents per thousand would equate to an increase of about \$60 for the Village's portion of the tax bill on a property assessed at \$400,000. Hayden stated that she will update the preliminary budget and distribute it prior to the next Finance Committee meeting on Saturday, October 16, 2010 beginning at 8:00 am.

Recommendation on State Trust Fund Borrowing for 2010

Hayden stated that the 2010 budget calls for borrowing; however, the total amount will not have to be as much as initially budgeted because the Pottawatomie Drive construction project came in well under the initial estimate. Hayden stated that with the Build America Bond rebate, a loan from the State Trust Fund would be at 3.4 percent interest rate, and the Walworth State Bank has quoted an interest rate of 3.8 percent. Hayden stated that if the funds are borrowed from the State Trust Fund, the first debt payment would not have to be budgeted until 2012. Hayden stated that if the Village borrows the funds from the Walworth State Bank to pay off the Village's \$180,000 balance for unfunded prior service pension liability with the Wisconsin Retirement System, the Village could get the 3.8 percent interest rate, as opposed to a 6 or 7 percent rate from the state. Hayden stated that the first debt payment would have to be made in 2011 if the loan is secured from the Walworth State Bank. Following discussion, the Finance Committee members came to the consensus that all the 2010 borrowing should be made through the Walworth State Bank at the 3.8 percent interest rate.

Loenneke/McCue 2nd made a MOTION to recommend that the Village Board borrow for the 2010 budget and the WRS prior service pension liability payoff through the Walworth State Bank at 3.8 percent interest rate, and the MOTION carried without negative vote.

Recommendation on RFPs for Auditor, Attorney, Cleaning, Garbage and Recycling

Hayden stated that the spreadsheet with the RFP results has been updated. Hayden stated that the current cleaning service, KAS, has been doing a good job and she recommended approval of its RFP. Hayden stated that the committee previously discussed the RFPs submitted for auditing services, and although Patrick Romenesko submitted a bid that is \$500 more than Baker Tilly, Romenesko has been providing the Village with excellent auditing services for several years. The committee members were in consensus that a new firm would require starting the auditing process from scratch and it should recommend approval of the RFP submitted by Romenesko. Hayden stated that RFPs for attorney services were submitted by the current provider, Thorpe and Christian, and by Axley. Hayden stated Thorpe submitted a bid for an hourly rate of \$102, and Axley submitted a bid of \$180 per hour. Hayden stated that as well as the higher rate, bringing in a new village attorney when the proposal for rewriting Chapters 17 and 18 is being considered, would make the rewriting proposal even more expensive than the initial estimate. The committee members were in consensus that they should recommend approval of the RFP submitted by Thorpe and Christian. Hayden stated that the RFP submitted by Waste Management still has to be broken down to adequately compare it to the RFPs submitted by the current contractors, Keizer and Sons and John's Disposal.

Loenneke/McCue 2nd made a MOTION to recommend Village Board approval of the RFPs submitted by Patrick Romenesko, SC; Thorpe and Christian, SC; and KAS Cleaning. The MOTION carried without negative vote.

Request New RFPs for Computer Services

Hayden stated that there was a flaw in the RFPs submitted by Nyquist Engineering, BTO and Util-IT. The current provider is Util-IT. Hayden stated that she would like to have the RFP issued again and make sure that the proposals provide cost estimates on the same scope of services. Hayden stated that a recommendation on the computer services RFP should be held off for now.

Next Meeting Date

The next meeting was scheduled for Saturday, October 16, 2010 beginning at 8:00 am.

Adjournment

Loenneke/Kenny 2nd made a MOTION to adjourn the finance committee meeting at 8:08 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: 1/27/11