

CITY OF ELKHORN
Committee of the Whole Minutes
Common Council Chambers, 9 S. Broad Street, Elkhorn, Wisconsin

July 11, 2016

CALL TO ORDER

Committee of the Whole was called to order at 5:00 p.m. by Mayor Reynolds followed by Roll Call.

ROLL CALL

Present: Mayor Reynolds, Aldermen McClory, Alderman Kluck, Alderman Bensaid, Alderman Rehberg
Alderman Lechner

Absent: Alderman Myrin

Also present: Administrator Tapson, Finance Director Heilman, Electric Dept. Manager Murphy, DPW Manager Kolb, Police Chief Christensen, Fire Chief Smith, City Engineer Vanhenkelum, City Attorney Leece, Library Director Selje, and Elkhorn Independent Correspondent Olshefski

2017 MUNICIPAL BUDGET/CAPITAL IMPROVEMENT PLAN & OPERATIONAL PRIORITIES

The City Administrator explained that a 5-Year Capital Project Plan had been generated outlining previous Council discussions in regards to the capital needs of the City and evaluating the projects that can be completed over the next five years. At this point the Finance Director continued by presenting the information contained in the 5-Year Capital Plan. He summarized the Capital Project Fund Chart attached to the 5-Year Plan which is based upon the closing of the TID. The Capital Projects 5-Year Plan chart outlines the Capital Project Fund. The projects proposed and the funding necessary to complete the plan. It begins with the Balance in the account as of June 1, 2016 and includes line items of Debt Proceeds, Utility Contribution, School District Contribution, Available Funds, Project Expenses, Street Reconstruction, followed by totals and balances of the Capital Project Fund at the end of each year from 2016-2021.

The Finance Director also provided an explanation of the formula used by the State for the closing out of the TID. Borrowings would need to occur in 2017, 2019, and 2020. The starting point is the planning of a proposed \$4.6M borrowing over a 20 year term, to coincide with the termination of Tax Incremental District No. 3 (TID 3). The initial borrowing would include the completion of East Market Street, Construction/Renovation of City Hall and South Jackson Street reconstruction in 2017-2018. Since the borrowing would occur in 2017, the first payments would be due in 2018. With all other budget items being equal to the previous budget, these projects can be completed with little effect on the City tax rate. The second phase of borrowing would occur in 2019 with the issuance of a \$2.65M GO Bond Issue with a 20 year term. The projects associated with this borrowing would be East and West Centralia Streets. The third phase of borrowing would occur in 2020 with the issuance of a \$1.25M GO Bond Issue with a 10 year term. The DPW Facility relocation would be completed with this funding. The City will remove a minimum of \$400,000 from the tax rolls, starting with the 2018 budget with the anticipated closing of Tax Incremental District No. 3 (TID 3). With the elimination of the need for funding tax increments to pay off debt associated with TID No. 3 that funding source could be used for an allowed annual operating fund increase of approximately \$120,000, with the balance going toward annual debt payments associated with the proposed 2017 borrowing (\$4,600,000). The estimated annual debt payment would be approximately \$309,000, beginning in 2018, after using the funds just described with all other items being equal, a property valued at \$150,000 would see a tax increase of \$6.29. With the proposed 2019 borrowing (\$2,650,000) beginning in 2020, all things being equal, a property valued at \$150,000 would see a tax increase of \$38.23. Again with the proposed 2020 borrowing (\$1,250,000) beginning in 2021, all things being equal, a property valued at \$150,000 would see a tax increase of \$31.30.

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The City Administrator said this is a plan and there are always variables that may change the plan from year to year, but the first step is selecting a direction, which will give the Council an outline of what needs to be done and when, to meet plan objectives. If the Council is able to accomplish the listed projects with the anticipated tax increases being as small, they would accomplish the goal of being practical while moving forward with much needed infrastructure improvements. A five year plan limits spending and the City will need to borrow for future projects.

At this time Council discussed the rehab/relocation of City Hall which is listed as project expense. The City Administrator suggested that the Council make a commitment to a new or renovated City Hall. He said if the Council is willing to commit to this project then that would be the first step. He explained that a study had been done in 2007 and with some updates in 2013. He suggests another update to the study to obtain a true cost estimate whether it is \$1.5M or \$3.5M for rehab/relocation of City Hall. The 2007 study suggested \$1.7M to rehab the current City Hall. He also pointed out that since that time, City Hall has been designated as a historical building, and that could make a difference in what rehab construction work will be permitted. City Administrator Tapson advised that a Public Works facility should be added to the proposal. The cost of this project could result in deferring some of the other projects on the list of the five year plan. Alderman Bensaid agreed with the rehab of City Hall but felt that the Fire Station should be addressed based on needs and their budget. The City Administrator said that the current operating concerns for 2017-2018 need to be addressed such as the understaffing of the DPW. The construction of a new Fire/EMS facility maybe considered in the long term. Alderman Rehberg said he would be in favor of adding employees to the DPW. Some discussion. The City Administrator reminded the Council that they are making decisions as to what direction to take that are in the best interest of the day-to-day operations of the City and they, of course, want to maximize opportunities. He said once the decisions are made they are irreversible.

Alderman Bensaid agreed that the planned projects were worthy and that the process needs to start now and to obtain the most updated information on construction costs for rehab/relocation of City Hall. Alderman Kluck agreed that City Hall rehab/relocation should not be last on the list. Alderman McClory said that he was agreeable with the 5 Year Capital Plan that includes projects and future impact on taxpayers. He specifically supports the rehab/relocation of City Hall. Alderman Rehberg agreed with 5-Year Capital Plan that included a borrowing, projects, etc. He is also in favor of the City Hall rehab/relocation but not sure about the estimated \$3.5M projected because that number could vary depending on the Council's final decision. Alderman Lechner was in support of the all the projects in the plan and to obtain proposal to update City Hall rehab/relocation study as suggested.

With a consensus by the Council to move forward with the rehab/relocation of the City Hall project, the first step would be to contact the firm who previously provided the City Hall study and obtain a proposal for an update. The City Administrator felt that with the City's request, a report could be generated by the first part of 2017 which would be an update to the 2007 study.

ADJOURNMENT

Motion (Rehberg/Lechner) to adjourn at 6:15 p.m.

Shari McKinney
Clerk Pro-Tem

Approved 7/18/16