FINANCE COMMITTEE MEETING MINUTES
Tuesday, December 10, 2024
(Approved Version)

Agenda Item No. 1. The December 10, 2024 meeting of the Finance Committee was called to order by Chairperson Denise Bhirdo at 3:00 P.M.

Agenda Item No. 2. Roll Call

Present: Chairperson Bhirdo and members Louise Howson and Nate Bell.

Staff: Village Administrator Julie Schmelzer, Finance Director/Treasurer Vlad Gannik and Clerk Heidi Teich

Others: Adam Ruechel of R.W. Baird & Associates, Laurie & Kurt Harff, Ray and Martha Pelrine, Ken Church, Mike Laszkiewicz, Ron Kane, Roger & Paula Oakdale, Don Peters, Terry Kelly, John McMurray, Bjorn Johnson, Karen & Gene Sunstrom, Michelle Novak, Chad Kodanko, Jane & Andrew Hendrickson, Sally & Jeff Pfeifer, Ellie Soderberg-Guger, Colin Dahl, Mark Lindem, "Laura", "Andrea", "Jeff", Deb Fitzgerald, Richard Burress, Rob & Julie Schaffer, Thor Johnson, Skip Heidler, Andy Woerfel, Chris Schmeltz and Brigid White

Agenda Item No. 3. Approval of the Agenda
A motion was made by Bell, seconded by Howson that the Agenda for the December 10, 2024 meeting of the Finance Committee be approved as presented. Motion carried – All ayes.

Agenda Item No. 4. Approval of Minutes
A motion was made by Bell, seconded by Howson to approve the minutes of the September 23, 2024 meeting of the Finance Committee as presented. Motion carried – all ayes.

Agenda Item No. 5. Comments, correspondence, and concerns from the public
No correspondence was received for this meeting. Bhirdo advised those in attendance that the discussion on Agenda Item No. 6a will begin with a presentation from Baird, discussion and initial questions from the committee, and public comment to follow.

Chairperson Bhirdo asked if anyone wished to offer any comments on a topic other than the tax rate. Mike Laszkiewicz, 10873 N Bay Shore, was recognized to speak. Laszkiewicz commented on a prior finance meeting in which the administrator's report included a statement that 2025 expenditures were expected to exceed revenues, so reserves were being increased to cover that shortfall and this is concerning. Bhirdo replied that the board was aware that some reserves would be used to balance the budget for 2025 when they approved it.

Agenda Item No. 6. Discussion/Action Items:
a) Finalized Tax Rate Discussion
The Village Board directed that the 2025 budget be prepared with a zero percent increase in the mill rate, which was presented and approved at a public budget hearing on October 21, 2024. When tax bills were prepared, it was noted that the amount due by property owners did increase, despite applying the same mill rate as in the previous year. This increase took place after

factoring in the final values of the Tax Incremental Financing Districts (TID #1 and TID #2), which are not available at the time the budget approval meeting typically takes place. This means that it is not possible to estimate the true cost to the taxpayer until the state makes the finalized TID values available in mid-November, and the village receives the tax levy certifications from the other taxing jurisdictions (Door County, Gibraltar School and NTWC).

Adam Ruechel, of Robert W. Baird & Associates, prepared a power point presentation on the Village's budget and tax bill preparation process, which has been conducted in the same manner for at least the past seven years. The presentation, which was posted on the village website and displayed on the screen during the meeting, also offered several options for addressing the current concern wherein taxpayers are being billed for an increase in taxes that they were not expecting.

Following Ruechel's presentation, Bhirdo stated that the village needs to change its budget process to account for finalized TID values before approval of the final budget. Ruechel noted that he has samples of other budget planning worksheets that he will share with the village for future use. To address the current situation, the committee briefly commented on several options shared in the presentation and favored one in which they would amend the current budget to cut approximately $330,000 from the Capital Improvement Plan (CIP), and lowering the operating budget for 2025. Several items the committee noted as available for removal included funding for an inclusive playground, a new dump truck and chipper box for the Parks Department, demolition of the Public Works Building, engineering for the Woodland trail, and a large IT upgrade for the village. Those items the committee would not consider cutting were the ice rink fund ($500,00) and server for the administration office ($10,000). Bhirdo then opened the floor for public comments.

Richard Burress, 2234 Maple Dr., first objected to the committee taking actionable steps to correct the tax situation at this meeting, which should be for information gathering and input from the public. Burress asked if Bhirdo, who earlier stated she has been on this committee for many years, recalled former finance directors ever coming back to the board to report on the actual budget after finalized TID numbers came in. Bhirdo replied negatively. Burress then asked who is responsible for submitting final numbers to the state and county for tax bill preparation and was told that in Sister Bay, that duty lies with the Finance Director. This process varies among municipalities.

Roger Oakdale, 10687 Commodore Cir, commented that taxpayers don't want to spend money they don't have. Oakdale added that he has been watching the various projects occurring in the village and feels that everything being done is for tourists. He proposed that the village delay or stop projects that benefit the tourists and use the room tax money generated in Sister Bay to fund needed improvements.

Ray Pelrine, 10717 Little Sister Road, expressed concern about the confusion in the budget process caused by focusing so much on the mill rate. He asked that they consider the bottom line, the levy, that determines the amount of the tax bill.

Sally Pfeifer, 10649 Westwood Dr, asked for clarification on the effects of bonding for upcoming village projects, which affects taxes. Bhirdo replied that the exact tax increase for that borrowing cannot be known at this time. Schmelzer added that the borrowing (debt service) has been factored in, to some extent, in the operational mill rate discussion that takes place during the budget process.

Burress added that the public just doesn't understand debt service and the budget process. The village is small, and there are not many properties left for development and asked how they can maintain large debt service amounts over time. It was his suggestion that the village cut the broadband project, if it is possible to get out of that contract, and sell the former Logerquist property as a means to minimize costs.

Laszkiewicz shared that debt expense as percentage of the budget is rising significantly due to the board's desire to build new infrastructure. With new infrastructure comes substantial increases in operational costs, and he believes the village should renovate existing buildings instead.

Ken Church, 2295 Hill Road, asked the committee if the village has approached other communities to pay for the ice rink, if that is an item the committee is not willing to cut from the budget. Bhirdo responded that the Friends of the Ice Rink group will be exploring that option as part of their fundraising efforts.

Skip Heidler, 2630 Woodland Dr, asked what additional expenses will be incurred for the village to process refunds to the taxpayers, as that needs to be considered as part of this discussion. Heidler stated his belief that this budget discrepancy was not a one-off, as the same thing occurred last year. He then read from a prepared statement that the board and staff will be under deeper scrutiny as they move forward to try and build trust with the community.

Andy Woerfel, 10771 N Bay Shore Dr, asked if there are other state agencies that can be engaged in the budget process to double-check numbers in the future. The Department of Revenue is the primary contact concerning taxes and Schmelzer added that they have worked with other municipalities to compare their procedures. It was noted that the City of Sturgeon Bay uses this same process.

Oakdale questioned if the proposed $20 million in village projects mentioned earlier in the meeting must be borne by the 1200 people who live in the village, as this is not reasonable. Bhirdo responded that not all of the $20 million is on the tax bill as the marina pays for its own operations, as does the water and sewer utility. It was noted that the marina is not calculated in the TID being a tax-exempt property.

Chad Kodanko, 2380 Parkview Dr, asked if the village could move its buildings into the TID to reap the benefits of those incentives. Ruechel responded that tax law does not allow governmental buildings to use those funds. Kodanko continued, asking that the committee carefully consider how the TID affects the budget process in future planning discussions.

John McMurray, 10638 Forest Ln, asked if the village has researched other communities with ice rinks for cost estimates. He shared that De Pere has a rink that operates six months of the year with a budget of $232,000 annually. He asked if this is really something the village can afford without a financial commitment from the surrounding communities who will use the rink.

With no other public comment offered, Bhirdo summarized the earlier discussion of the committee to call an emergency meeting of the village board this week and make a recommendation to amend the 2025 CIP and budget by approximately $330,000.

Howson shared her thoughts on Burress's suggestion to collect the tax as presented this year without offering a refund, and added that she would not feel comfortable with that unless there was certainty that future projects would be cut from the CIP. Bell suggested that this committee make its recommendation to the board for the needed cuts and take some extra time to determine how best to handle a refund to taxpayers. Schmelzer noted that they are still awaiting responses from the County and the Department of Revenue on revising the tax bills, so they could not take final action without hearing from them.

A motion was made by Bhirdo, seconded by Bell to recommend to the Village Board that they cut approximately $330,000 from the 2025 Capital Improvement Plan and budget expenditures, specifically $100,000 for inclusive playground equipment, $95,000 for a dump truck, $15,000 for a chipping box, $75,000 for demolition of the Public Works building, and $55,000 for engineering of the Woodland Trail to allow for adjustments to the current year tax bills and issue refunds to taxpayers. Motion carried - all ayes.

Bell volunteered to contact the media following this meeting to discuss a press release on this issue.

b) Delinquent Tax List

Several properties in the village have not yet remitted taxes, both for real property and personal property, for the 2021, 2022 and 2023 tax years. After the tax deadline has passed, village staff make numerous attempts to collect the unpaid taxes, particularly for personal property taxes, which are remitted directly to the municipality.

The committee directed staff to continue tracking the delinquencies. At the time a property sells, the village should be asked for a letter of special assessments and the tax can be satisfied at that time. Additionally, staff was asked to publish a list of delinquent taxpayer names and addresses in the local newspaper.

c) Municipal Reimbursement Funds

In 2024, the village received $51,814.18 from Destination Door County in municipal reimbursement funds. These funds, which must be used for tourism related items, were designated in prior years for a village shuttle bus and Waterfront Park improvements. Staff has recommended that the Finance Committee designate the funds for unbudgeted Parks, Property & Street Committee projects to be completed in 2025, such as a sewer lateral to build bathrooms at the baseball field and landscaping along Mill Road.

A motion was made by Howson, seconded by Bell to designate the municipal reimbursement funds for 2024 for a water and sewer lateral to the ballfield concession stand, landscaping along Mill Road West, and the remainder to be placed in a municipal tree fund. Motion carried – all ayes.

d) Bus Expenses

Schmelzer provided a report on expenses related to the purchase of the village bus. The total cost of the bus was $148,068.50. Funding for the purchase was expected to come from a CMAQ grant totaling $45,520, 80% of the original cost of the bus. However, the bus was not purchased within the two years allowed by the grant award and Schmelzer is trying to negotiate reimbursement of those funds. Additionally, the delay in purchase caused the bus to cost much more than expected. The Village applied for and was granted an additional $48,489 in the form of a Destination Door County grant, and the SBAA contributed $10,000. The remaining cost of $44,059.50 was paid by the village.

Agenda Item No. 7.
Discussion Regarding Matters to be Placed on a Future Agenda, or Referred to a Committee, Official or Employee.

A special board meeting will be held virtually on Thursday, December 12, 2024 in the afternoon to discuss 2025 budget and Capital Improvement Plan amendments.

Howson requested that a meeting be held to discuss the Capital Improvement Plan earlier than during the budget process.

Agenda Item No. 8. Next Meeting

The next meeting of the Finance Committee has yet to be determined.

Agenda Item No. 9 Adjournment
At 5:07 P.M. a motion was made by Howson, seconded by Bell to adjourn the December 10, 2024 meeting of the Finance Committee. Motion carried – all ayes.

Respectfully submitted,

Heidi Teich

Heidi Teich,
Village Clerk