HYBRID FINANCE COMMITTEE MEETING

TUESDAY, DECEMBER 10, 2024, 3:00 PM

SISTER BAY-LIBERTY GROVE FIRE STATION - 2258 MILL ROAD - SISTER BAY

To access the meeting electronically, click:
https://zoom.us/j/4439901723?pwd=yAVpi40M1OIqgNufcVUE8XWCUSkKaH.1&omn=97063638580
Meeting ID: 443 990 1723 Passcode: 304078
To connect by phone: 1-301-715-8592 - Meeting ID 443 990 1723#
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AGENDA

1. Call to Order
2. Roll Call
3. Approve Agenda
4. Approve Meeting Minutes: September 23, 2024
5. Comments, Correspondence and Concerns from the Public
6. Discussion/Action Items
    a. Finalized Tax Rate Discussion
    b. Delinquent Tax List
    c. Municipal Reimbursement Funds
    d. Bus Expenses
7. Discussion Regarding Matters to be Placed on a Future Agenda, Referred to a Committee, Official, or Employee
8. Next Meeting:
9. Adjourn

Public Notice

Questions regarding the nature of the agenda items or more detail on the items listed can be directed to Julie Schmelzer, Village Administrator, at julie.schmelzer@sisterbaywi.gov. It is possible that members of and possibly a quorum of members of other governmental bodies may attend the meeting to gather information; no action will be taken by any governmental body other than the body specifically referred to above. Upon reasonable notice, a good faith effort will be made to accommodate the needs of disabled individuals through sign language interpreters or other auxiliary aid or accommodation at no cost to the individual. Due to the difficulty in finding interpreters, requests should be made as far in advance as possible, preferably a minimum of 48 hours. For additional information or to request this service, contact the Sister Bay Village Administration Office at 854-4118, (FAX) 854-9637, or by writing to the Village Administration Building, 2383 Maple Drive, PO Box 769, Sister Bay, WI 54234. Copies of reports and other supporting documentation are available for review at the Village Administration Building during operating hours (8 a.m. – 4 p.m. Mondays through Thursdays, 8 a.m. to Noon on Fridays).

The Village of Sister Bay is an Equal Opportunity Provider and Employer.

POSTED DATE/SIGNATURE ______________________

FINANCE COMMITTEE MEETING MINUTES
Monday, September 23, 2024
(Approval Pending)

Agenda Item No. 1. The September 23, 2024 meeting of the Finance Committee was called to order by Chairperson Denise Bhirdo at 4:00 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, "Ellen"

Agenda Item No. 3. Approval of the Agenda
A motion was made by Bell, seconded by Howson that the Agenda for the September 23, 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 Howson, seconded by Bell to approve the minutes of the September 10, 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.

Chairperson Bhirdo asked if anyone wished to offer any comments, and no one responded.

Agenda Item No. 6. Discussion/Action Items:
a) Review Draft CIP
A revised draft of the Village of Sister Bay Capital Improvement Planning (CIP) document was included in the meeting packet. Ruechel explained that the document reflected all the changes as discussed at the prior meeting and asked if any additional changes were needed. Schmelzer indicated that if nothing else was required at this time, this draft will be presented at a public hearing next month. No additional discussion was had on the CIP.

b) Review Draft Budget
A revised draft of the 2025 budget for 2025 was included in the meeting packets. Bhirdo shared that during her review of the packet materials over the weekend she found a number of errors. As a result, she had a conference call with Schmelzer and Ruechel to review and update the data prior to this meeting. Finance Director Gannik also participated in further revising the document which was then shared by Ruechel on the screen during the meeting. During the discussion, the following items were highlighted:

- The public hearing on the budget will take place on October 21, 2024 in order to meet statutorily required publication deadlines.

- The mid-year actuals were removed from the budget and replaced with overall 2024 projections for ease in comprehending revenues and expenses. The resulting fund balance, as expenses are expected to exceed revenues in 2025, should remain at approximately 36%.
- The equalized value and net new construction figures were removed from the Budget Notice as allowed by statute. Requirements include the assessed valuation, prior year and current year mill rate, and the percentage change.
- On the General Fund Transfer Tab, Transfer to Capital Projects of just over one million dollars includes funds for the trackless, which was addressed at the prior meeting. Inclusion of those funds will not affect the mill rate.
- Loan 69 (admin building) principal and interest payments will be added to the budget in 2026, along with payments for the new marina building (Loan 67). The Pebble Beach Loan was paid off this month and no activity will be reflected in the 2025 budget.
- The Capital Projects tab was updated to reflect specifically what was included in the CIP, including funds for facilities, IT upgrades, a new truck in the Public Works department, village-wide broadband, the ice rink and streets.
- A question was raised on Debt Proceeds. Ruechel explained that the sixteen million notated includes funds for new municipal facilities, public broadband, infrastructure projects, and a new marina building. These are all items in the Capital Improvement Plan.
- The increase of $45,000 in the Meters line item of the Water budget is a transfer to the CIP specifically for CIP projects. Ruechel advised that a transfer from this fund, as well as the Wastewater and Collection funds, to the CIP could become their own line items in the future so as not to forget that those funds are for CIP projects.
- The budget policies to be included in the final document shall be those included in the 2024 budget as they need only be reviewed and updated every three years, unless the board dictates otherwise.

c) Discuss Modifications to the Public Hearing Schedule

A Class 1 Notice for a public hearing on the budget is required. This means that the notice (budget summary) must be published at least 15 days prior to the hearing. Due to the timing of this meeting, a public hearing for the budget is not possible on October 8, 2024, and will be held instead on October 21, 2024. A special board meeting is still planned for October 8, 2024 which will focus on the Capital Improvement Plan. Any changes made to the CIP at that meeting will affect the budget hearing on October 21, 2024.

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

A motion was made by Bell, seconded by Howson to forward the Village of Sister Bay Capital Improvement Plan and 2025 Proposed Budget to public hearing as presented at this meeting. Motion carried – all ayes.

Agenda Item No. 8. Next Meeting

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

Agenda Item No. 9 Adjournment

At 4:45 P.M. a motion was made by Bell, seconded by Howson to adjourn the September 23, 2024 meeting of the Finance Committee. Motion carried – all ayes.

Respectfully submitted,

Heidi Teich

Heidi Teich,

Village Clerk

STAFF REPORT – TAX RATE

Date: December 10, 2024

Board/Committee: Finance Committee

Re: Overall Tax Rate Higher Than Expected

Author: Julie A. Schmelzer, Village Administrator

As explained in an email to Trustees last week, the overall ('finalized') tax rate came in higher than expected. The operational mill rate was kept the same, as we promised our constituents, but as a result of our TID increment, the overall rate ended up being higher than expected.

Vlad and Adam (from Baird) ran the numbers to make sure there were no errors and found none. Adam provided the following explanation and recommendations to avoid this situation in the future.

> "Now having a full year of working through the Village of Sister Bay Budgetary process I have discovered an issue with the way the overall village mill rate has been presented and calculated in the past utilizing the prior budgetary workbooks and templates.
>
> The current workbook and templates are focusing on establishing the *operating* mill rate which includes the tax levies for the general fund, debt service and capital improvement fund. In working with the staff and attending the various Finance Committee and Village Board meetings the goal for the 2025 budget was to keep the mill rate for the operational budget flat [which was accomplished].
>
> Looking back to last year, for the 2024 budget, the Village Operating Budget and Budget Notice Worksheet were approved via resolution at the November 7, 2023, meeting in which it stated the Property Tax Levy for 2024 was $3,373,823. The assessed value for 2023 was $795,973,480. When you divide $3,373,823/$795,973,480 you arrive at the proposed *operating* mill rate of $4.24. In reviewing this spreadsheet in further detail, it has been discovered however that the worksheet has never calculated the additional tax levy needed for Tax Incremental District # 1 and 2.
>
> When you input the adopted operational levy into the Wisconsin Department of Revenues Tax Incremental Worksheet, this accounts for the added levy needed to be put on the tax bills, which are sent to the County to cover the portion of taxes for the Tax Incremental Districts covered by the Village, Technical College, School District, and County.
>
> Last year (for 2024), the adopted levy (once we account for the tax incremental financing district taxes) was $3,762,795.79; this accounts for the operational levy of $3,373,823 and the $388,972.79 of taxes from the Village Portion of the tax incremental districts. This in turn caused the Village Mill Rate to increase by a total of 0.49 cents per thousand to a *finalized* mill rate of $4.73.

For 2025 the Village Operating Budget and Budget Notice Worksheet was approved via resolution at the October 21, 2024, meeting in which it stated the Property Tax Levy for 2025 was $3,410,241. The assessed value for 2024 was $804,565,200. When you divide $3,410,241/$804,565,200 you arrive at the proposed operating mill rate of $4.24 the same as 2024 (which was our goal). Due to this spreadsheet being a carryover from previous years the worksheet again did not calculate the additional tax levy needed for Tax Incremental District # 1 and 2.

For 2025 the adopted levy, when you account for the tax incremental financing district taxes, was $4,212,509.64; this is to account for the operational levy of $3,410,241 and the $802,268.64 of taxes from the Village portion of the tax incremental districts. This in turn caused the Village *finalized* mill rate to increase by a total of 0.51 cents per thousand to a finalized mill rate of $5.24.

In reviewing the growth in the tax incremental financing districts from 2023-2024, TID # 1 saw its overall tax increment value grow by a total of $77,543,200 and TIF # 2 saw its overall tax increment value grow by a total of $5,580,600. This accounted for an overall increase in tax incremental value growth of $83,123,800.

When you consider the overall equalized value of the Village of Sister Bay increased by a total of $75,395,100, this increase is directly related to the growth in development from your TIF districts. This growth in equalized value from $815,207,000 in 2023 to $890,602,100 in 2024 did have an impact on the Tax Incremental Worksheet which did cause the rate to increase.

Once the TIF district closes the growth you are seeing will then be shifting to the general fund and will be utilized to reduce the overall mill rate.

Some recommendations I would like to discuss with the Finance Committee, staff and the Village Board going forward are the following:

- Update the Budget workbooks to account for the *combined* operating and tax increment mill rate (if the desire is for the village to keep the combined mill rate flat and not just operations rate, which appears to have been what has been approved in the past). This would be done with the implementation of the 2026 budget schedule.
- Alter the budget timeline schedule to present the draft mill rate impact, and then have a finalized budget hearing with the finalized mill rate impact. Again, this would be for the 2026 budget.
- If the desire is for the 2025 budget to truly fall at the $4.72 combined operating/tax incremental rate, then an estimate of what would need to be reduced from the budget would be approximately $408,000. There is the possibility this could still be done as everything is due to the DOR by December 13th and a discussion would have to be had with the county about rerunning the tax bills just for the Village of Sister Bay. If this is the route the Finance Committee and Village Board want to take, then I would recommend we reduce the amount that was levied for capital projects from $1,114,000 to $706,000. This would then require either a capital project to be reduced by $408,000 or several projects."

In addition to Adam's comments above, I see some additional alternatives:

1. Since the tax bills went out, leave the rate as is. I did have staff run the difference and impact on various properties, and for those assessed under $650,000, the impact is slightly less than one dollar a day.
2. Mail taxpayers a 'refund' for that portion in excess of the operational rate. This 'refund' could be from reserves, to be replenished in part with the interest income we did not foresee and was not accounted for in the budget. I *think* this interest income would be over $200,000 and be able to cover about half the unexpected $408,000 (Vlad would know exactly what the revenues are).
3. Lastly, as Adam indicated, amend the budget removing a $408,000 expenditure, or several expenditures equaling $408,000. Since so much was already removed from some department budgets (Parks in particular), I do not recommend cutting department operating budgets, and rather we should look at large projects put in the CIP. Large projects not funded by grants or specific to a department's daily operations that are under $500,000 are:
    a. Demolishing the old public works building - $75,000
    b. IT update - $70,000
    c. Waterfront playground equipment design - $100,000
    d. Woodland Trail environmental work - $55,000
    e. Ice rink fund - $500,000

STAFF REPORT – DELINQUENT TAX

Date: December 10, 2024

Board/Committee: Finance Committee

Re: Personal & Real Property Tax – Delinquent Payers

Author: Heidi Teich, Village Clerk

Personal Property Tax

As of January 1, 2024, Personal Property Tax is no longer a separate tax with its own tax statement. Each year, the Village has made multiple contacts with individuals who were consistently delinquent in paying the personal property tax. This year is no exception. The following are the remaining Personal Property Taxpayers who have not remitted the tax (amount shown is total tax owed including interest and penalties of 1.5% per month):

<u>Tax Year 2022</u>

$40.93 for property at 10571 STH 57, Unit 213

<u>Tax Year 2023</u>

$24.20 for property at 10571 STH 57, Unit 213

$42.18 for property at 10571 STH 57, Unit 208

$26.31 for property at 10589 S Highland Rd, Unit 6

$620.93 for property at 10611 N Highland Rd

$104.09 for property at 2350 Maple Dr, Unit 100

How would the committee like to proceed in collecting these taxes? Examples seen from other communities are 'writing off' the tax; legal action; public awareness (publish the list with names).

Real Property Tax

There are 11 properties that have not paid their real property taxes resulting in $46,896.94 in delinquent taxes. Ten owe taxes for the past two years and one owes for the past three years. The latter faces foreclosure this coming year if the taxes are not paid.

STAFF REPORT – MUNICIPAL REIMBURSEMENT FUNDS

Date: December 10, 2024

Board/Committee: Finance Committee

Re: Allocating Municipal Reimbursement Funds

Author: Julie Schmelzer, Village Administrator

Every year when we receive the Municipal Reimbursement check from Destination Door County, the Finance Committee decides how the money will be spent. In 2022 the money was used for the shuttle bus; 2023 was for Waterfront Park. The funds received for 2024 were $51,814.18. These funds should be assigned to a project before the end of the year.

The Parks Committee has several unbudgeted projects they have been discussing. For example, they propose a restroom addition off the concession stand at the Sports Complex; painted crosswalks; landscaping along Mill Road; and a donor plaque at Waterfront Park.

Staff recommends the 2024 Municipal Reimbursement funds be designated for "unbudgeted Parks, Property & Street Committee Projects to be completed in 2025."

STAFF REPORT – BUS EXPENSES/ADVERTISING COSTS

Date: December 10, 2024

Board/Committee: Finance Committee

Re: Shuttle Bus Acquisition Update – Final Expenses

Author: Julie Schmelzer, Village Administrator

This Staff Report is for informational purposes only to give an update on the grant for the shuttle bus and to explain the total costs involved for the purchase of the bus.

This month I went to submit for the grant reimbursement from the CMAQ grant. Because the bus was not purchased within the two years of the grant award, I cannot get reimbursement from the state and am working with the federal government to get the reimbursement. (Hopefully by the time we meet I will know if that reimbursement was approved.) Once we receive the grant reimbursement, the acquisition file will be closed.

The bus itself cost $143,643.50. The bike rack was an additional $3341, and the camera $750. A farebox was installed for an additional $135; document recording fee was $29.50; and the license registration and plates were $169.50. In total the bus cost $148,068.50.

The CMAQ grant would cover 80% of the purchase price, but at the time the grant application was made, the anticipated purchase price was much lower so we only received $45,520. To make up the difference, we received a Destination Door County grant for $48,489, SBAA contributed $10,000, and the village paid the rest ($44,059.50).

Graphics were ordered for the bus. The Sister Bay graphics were $665, and we also received the bill for the Al Johnson graphics, which were an additional $175. Al Johnson's paid for their ad through their sponsorship dollars and paid directly to SBAA, and SBAA said the $175 will be forwarded to the village (we have not received that payment yet, but SBAA is aware of the need to submit the $175 to the village).