SPECIAL VILLAGE BOARD MEETING MINUTES
Thursday, December 12, 2024
(Approved Version)

Agenda Item No. 1. The December 12, 2024 special meeting of the Village Board of Trustees was called to order by President Nate Bell at 5:30 P.M.

Agenda Item No. 2. Roll Call

Present: President Bell and trustees Denise Bhirdo, Louise Howson, Kurt Harff, Alison Werner, Patrice Champeau, and Lilly Orozco

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

Others: Adam Ruechel of R.W. Baird & Associates, Amber Drewieske of CliftonLarsonAllen LLP, Karen Berndt, Laurie Harff, Ryan Schley, Roger & Paula Oakdale, Margaret Connar, Ron Kane, John McMurray, Tim Mueller, "rweul", Deb Fitzgerald, Roman Collak, Steve Uelner, Myles Dannhausen, "Sharri", "Mike", Ken Church, Jim Salinsky, Joe Fox, "Andrea"

Agenda Item No. 3. Approval of the Agenda
A motion was made by Howson, seconded by Orozco that the Agenda for the December 12, 2024 meeting of the Village Board of Trustees be approved as presented. Motion carried – All ayes.

Agenda Item No. 4. Comments, correspondence, and concerns from the public
Correspondence for this meeting was received from Meg Ziegelmann, who expressed concern over the 2024 tax bill increase and its adverse effect on those residents who are retirees and are facing increasing Medicare costs. Correspondence was also received from County Treasurer Ryan Schley, outlining some of the considerations and expenses involved in a reprint of the annual tax bills.

President Bell asked if anyone wished to offer any additional comments. Roman Collak, 10534 Cherrywood Ct, and Roger Oakdale, 10687 Commodore Cir, both spoke on notices that received today about the termination of the Village's contract with the local post office. Bell responded that he will be speaking with USPS tomorrow and would get back to them with more information after that call.

Agenda Item No. 5. Discussion/Action Items:
a) Resolution 2024-021; Amending the CIP and 2025 Budget
A recommendation to cut approximately $330,000 from the 2025 Capital Improvement Plan (CIP) and budget was forwarded by the finance committee to address the unexpected tax increase property owners found on their 2024 tax bills last week. An appliable resolution was included in the meeting packet if the discussion of the board led to take such action.

Adam Ruechel of Baird & Associates, the village's financial advisor, and Amber Drewieske of CliftonLarsenAllen LLP, the village's auditor, were present to participate and respond to questions during tonight's meeting. Ruechel briefly outlined his role in assisting the village's new finance director during the budget process and development of the CIP. Together they followed the same processes that have been done for at least the past seven years to prepare the budget, present it to the board for approval, and submit the necessary paperwork to the state and county for tax bill preparation. It was only after the tax bills were received that staff learned that taxes had increased despite a flat mill rate. In reviewing the mill rate worksheets from past years, Ruechel and Gannik discovered that the Tax Incremental District (TID) values available during the budget approval meeting differed from the values provided by the Department of Revenue (DOR) and were used to calculate the tax bills.

Drewieske stated that the calculations made are not in error and the village has not exceeded its levy. There is a process issue at play here. Because the finalized TID values are not known until mid-November when posted by the DOR, a projection is used during the budget process and perhaps this needs to be communicated differently going forward. One reason why not using the finalized TID values in the budget made such a significant difference this year is that the village underwent a revaluation last year, which changed the assessment ratio by -10%. This has the direct opposite effect on tax calculations. There were also corrections to the assessment roll in 2024 that impacted the total assessed value.

Drewieske reiterated that, from an audit viewpoint, the village is not facing a non-compliance issue. However, tax rebates cannot be issued without recalculating and reissuing the tax bills, which comes with its own related costs. However, there is a bigger picture to consider. The TID increment is doing what it is supposed to do. There are unrecovered costs from the start of the TID that are being paid back by TID increment. Reducing the operational levy must happen through debt service on the levy limit worksheet, and that means that debt service now needs to be paid by the general fund. The village is currently not levying the full amount of the debt, and a further reduction of $330,000 means that any future levy increases would be limited to the value of net new construction or 3%. Net new construction for 2024 was 2.5%, and inflation was over 3%. These factors need to be taken into account when evaluating the village's financial stability for the future, knowing how hard the village has worked to improve its general fund balance over the past several years and not wanting to lose that.

It was noted that $35 million in assessment errors in the past year occurred, which also impacted the TID values. Assessors do have a year to correct errors, so they were not acting improperly when reporting corrections this year. The board requested that a more detailed accounting of those errors be provided so they can better understand how those under-reported values for 2023 affected this year's TID value. Schmelzer will ask the to attend the regular board meeting next week.

To date, the county treasurer's office has collected approximately $321,000 in taxes to date. Schmelzer reported that there would be significant costs associated with reprinting the tax bills and having county staff issue refunds. An exact cost estimate is not available at this time, nor is there a timeline available of when a reprint could take place as the county has a primary responsibility to collect taxes for all Door County municipalities.

Schmelzer shared the opinion from the village's attorney that tax bills can only be redone if they are "unjust" or "illegal". Ruechel, through his conversations with the DOR, and Drewieske did not discover anything "unjust" or "illegal" in the village's process. Ruechel stated that the DOR does allow tax bills to be redone, but there would be more work to be done to modify the levy limit worksheets, and reduce the debt component. If the board chooses to take this route of adjusting the tax bills, an applicable motion to that effect would be needed. The DOR further recommended that the reprint be done after the February Settlement so that all taxpayers have the opportunity to pay the first half of the tax. The tax bills could then be adjusted to reflect the difference owed in the second installment, while those who paid in full would receive a refund. Drewieske reminded the group that it would be a manual process for the county to enter individual taxpayers as vendors to issue those refunds, which will take time and resources that come with their own costs.

Bell stated that the board received a lot of information tonight, and, if there is no immediate deadline to report back to the DOR with their decision, he would like to take additional time to consider this issue before any final decisions are made. Bhirdo also stated that she would like another conversation on this topic. Howson requested a detailed timeline of all actions, and all parties involved, regarding tax preparation be available for discussion at their next meeting.

Orozco, who was unable to attend the Finance Committee meeting earlier this week, agreed that more time to process all the information they received tonight would be warranted as she felt she did not know what the correct decision is right now.

Champeau was reassured that the village's process for tax calculation is not unlawful and agreed that a decision cannot be made based on the information they have at this time.

Werner thanked Drewieske for making herself available and sharing some implications of returning the funds should the board ultimately decide to do that. Harff was also of the opinion that acting today could incur more and costs and problems to the community. He returned to the idea shared by resident Dick Burress at the Finance Committee meeting to leave the tax bills as is for now and make adjustments later.

It was the consensus of the board to continue discussion on the best means to address the unexpected increase in 2024 tax bills at the regular meeting of the Village Board to take place on Tuesday, December 17, 2024.

Agenda Item No. 6 Adjourn

At 6:26 P.M. a motion was made by Werner, seconded by Champeau to adjourn the December 12, 2024 meeting of the Village Board of Trustees. Motion carried – all ayes.

Respectfully submitted,

Heidi Teich

Heidi Teich,
Village Clerk