

CITY OF SHEBOYGAN

FINANCE AND PERSONNEL COMMITTEE

MONDAY, SEPTEMBER 9, 2019

Vice Chair Bohren called the meeting to order at 5: 00 p.m. The Pledge of Allegiance followed.

COMMITTEE MEMBERS PRESENT: Vice Chair Jim Bohren, Alderpersons Todd Wolf and Markus Savaglio

COMMITTEE MEMBERS EXCUSED: Chair Mary Lynne Donohue, Alderperson Trey Mitchell

STAFF / OFFICIALS PRESENT: Mayor Mike Vandersteen, City Attorney Chuck Adams, City Clerk Meredith DeBruin, Judge Natasha Torry, Finance Director/Treasurer Marty Halverson, Director of Planning and Development Chad Pelishek, Director of Information Technologies Eric Bushman, Director of Human Resources and Labor Relations Sandy Rohrick, Senior Services Director Vicky Schneider, Mead Public Library Business Manager Debbie DeAmico, Assistant to the City Administrator Carrie Arenz, Senior Accountant Stacey Strittmater, Auditor/Analyst Laurie Suhrke.

MINUTES Motion by Alderperson Wolf, seconded by Alderperson Savaglio to approve the minutes of August 26, 2019. Motion carried.

ITEMS FOR DISCUSSION AND POSSIBLE ACTION

3.1 RES 75 - 19 - 20 / SEPTEMBER 3, 2019 / DOC

5.2: Resolution to authorize a transfer of appropriations in the 2019 Budget for the purpose of establishing estimated revenue and appropriations for the 2019 Community Development Block Grant Entitlement Program.

Director of Planning and Development Chad Pelishek explained that the city will be receiving \$892,190 from HUD for the 2019 Community Development Block Grant Entitlement Program year. Transfers of appropriations will be needed for the activities approved in May of 2019.

Motion by Alderperson Wolf, seconded by Alderperson Savaglio to recommend the Common Council adopt the resolution. Motion carried.

3.2 RES 76 - 19 - 20 / SEPTEMBER 3, 2019 / DOC

5.2: Resolution extending the life of Tax Incremental District No. 11 for one

year to implement affordable housing and neighborhood revitalization activities.

Director of Planning and Development Chad Pelishek provided an overview of the state statute that was approved in 2009 to allow an extension of one year to existence of Tax Incremental Districts (TID s) to be used for affordable housing activities. In 2020, a new special revenue fund was established within the budget called Neighborhood Revitalization. This new fund will utilize the \$712,964 TID 11 increment. \$240,000 will be appropriated for upper floor rental properties. This will encourage downtown revitalization, while offering this in the form of a 5 year forgivable grant. There will be funds designated for residential facade and landscaping programs in the Riverbend neighborhood and Indiana Avenue corridor. This will allow \$100,000 to be used to improve the ADA ramps at the corners throughout the central city. Each ADA approved intersection costs approximately \$20,000. This will expedite the time needed to get these up to code. New Grant Coordinator position will be funded via this account in the 2020 budget. This position will help to implement the programs. As two other districts close in the future, it will provide the means to continue the program. TID 6 closes in 2023 and TID 10 will close in 2025.

Finance Director / Treasurer Marty Halverson explained TID increment fund transfers also help underperforming TID funds.

Motion by Alderperson Wolf, seconded by Alderperson Savaglio to recommend the Common Council adopt the resolution. Motion carried.

3.3 DIRECT REFERRAL: RES 83 - 19 - 20 / SEPTEMBER 4, 2019: Resolution establishing the 2020 Budget appropriations and the 2019 Tax Levy for use during the calendar year.

Director Halverson presented 2020 Budget recap as related to the City Administrator Darrell Hofland s September 3, 2019 presentation to the Common Council.

Motion by Alderperson Wolf, seconded by Alderperson Savaglio to recommend the Common Council adopt the resolution. Motion carried.

3.4 2020 BUDGETS: Common Council, Office of the City Clerk and Elections

City Clerk Meredith DeBruin discussed the increase in the Common Council budget is in Contracted Services account which included the new Diversity Program under consideration at this time. City Clerk s budget had no significant changes. Election s budget has an increase of \$80,000 due to the presidential election in 2020.

Motion by Alderperson Wolf, seconded by Alderperson Savaglio to recommend the Common Council adopt the budget for Common Council, Office of the City Clerk and Elections. Motion carried.

3.5 2020 BUDGET: Information Technology Department

Information Technology Director Eric Bushman explained the decrease in 1.0 FTE - Network Administrator. He will re-evaluate the need for the Network Analyst in 2021 budget. The department is considering tools to offer employees rather than staff. Information Technology Department revenue is increasing for the first time in over ten years resulting from chargebacks for services to internal departments. There is a six percent increase in Capital Outlay for the digital evidence storage solution for the police department. The department support provides services to the Housing Authority, which is reimbursed

to the City. The department does also provide limited services to Plymouth, Sheboygan Falls and Kohler in the access to AS 400 historical files for crime data. There are no funds collected for these services.

Motion by Alderperson Wolf, seconded by Alderperson Savaglio to recommend the Common Council adopt. Motion carried.

3.6 2020 BUDGET: WSCS Cable TV.

Director Bushman explained the \$55,000 decrease in revenues resulting from the reduction of the franchise fee. Director Halverson confirmed existing fund balance of \$258,000. Vice-Chair Bohren asked if there was any state reimbursement for the loss of the franchise fee. Director Bushman confirmed that the paperwork has been filed with the state to receive designated reimbursement.

Motion by Alderperson Wolf, seconded by Alderperson Savaglio to recommend the Common Council adopt . Motion carried.

3.7 BUDGET: Planning and Development Division.

Director Pelishek summarized the Planning and Development Division budget as follows:

Block Grant Special Revenue Fund City staff anticipates receiving approximately \$892,000 in federal CDBG funds for the program year 2020. No other notable changes are planned in this fund.

Business Revolving Loan Fund This funds provides low interest loans for companies that are unable to obtain funding solely from financial institutions. The fund receives receipts from outstanding loan balances which range from \$400,000 to \$1,000,000. The funds are subject to federal law. There are no notable changes in 2020.

City Development Department Planning and Development Division currently

consist of four staff members. The 2020 Budget includes adding a fourth staff member, the Grant Coordinator to oversee the Community Development Block Grant Program, and redevelopment within TID's. This position utilizes no tax levy.

Housing Revolving Loan Fund This fund provides low interest loans for housing rehabilitation for owner-occupied and owner-invested properties housing low to moderate income residents providing safe and affordable housing opportunities in the city. There are no notable changes in this fund in 2020.

Neighborhood Revitalization Fund This new Special Revenue fund established to improve the supply of safe, quality, affordable housing and revitalize central city neighborhoods. The revenue support comes from TID s closure extensions per state law. The current revenue of approximately \$712,000, and will come from TID

11. The 2020 budget includes implementation of the Upper Floor Residential Rehab Grant Program, Residential Facade and Landscaping Grants, public improvements and administration.

Redevelopment Authority Fund This fund was established to assist with redevelopment projects and acquisitions of properties for redevelopment. There are no notable changes in 2020.

TID 6 Capital Project Fund This TID encompasses the Harbor Centre area. This TID will be closing in 2023. There are no notable changes in 2020.

TID 13 Capital Project Fund This TID is located in Niagara Avenue and encompasses the GrandStay development. There are no notable changes in 2020.

TID 14 Capital Project Fund This TID includes Meijer, Kohls and Festival Foods to Culvers on Taylor Drive. There are no notable changes in 2020.

TID 16 Capital Project Fund This TID includes the downtown area. There are no notable changes in 2020.

TID 17 Capital Project Fund This TID was created in 2018 and encompasses the Indiana Avenue Corridor, from the former Pentair property, to South 14 th Street. The 2020 budget includes the following projects as approved in the 2020 Capital Improvements: Infrastructure Improvements associated with the Badger State Lofts redevelopment project for \$3,500,000. Purchase of the former Union Pacific right-of-way purchase to extend the Shoreland 400 Trail south to Union Avenue. This project is budgeted at \$1,300,000. Construction of an innovation district parking lot for \$300,000.
TID 18 Capital Project Fund This TID was created to fund the improvements associated with the South Pointe

Aldersperson Wolf inquired on the renovation costs for the Union Pacific property. Director Pelishek explained the land is being surveyed now and the estimated construction costs will be \$2,300,000 in 2023. There may be offsets to reduce the cost of the project.

Aldersperson Bohren asked if TID 20 is ahead or behind schedule. Director Pelishek explained the HUD funded programs operate differently than other TID s. A third party review is being conducted by Ehlers, and construction is expected to begin in April 2020.

Motion by Aldersperson Wolf, seconded by Aldersperson Savaglio to recommend the Common Council adopt. Motion carried.

3.8 BUDGET: Senior Services Department

Director of Senior Services Vicky Schneider explained the addition of staff development to the 2020 Budget. The Senior Services Department has joined the National Council on Aging in order to become an accredited senior facility.

Motion by Aldersperson Wolf, seconded by Aldersperson Savaglio to recommend the Common Council adopt. Motion carried.

3.9 BUDGET: Office of the City Administrator

Assistant to the City Administrator Carrie Arenz explained that while there are no notable changes to the budget, reductions were accomplished via the printing costs in the office supplies budget.

Motion by Aldersperson Wolf, seconded by Aldersperson Savaglio to recommend the Common Council adopt. Motion carried.

3.10 BUDGET: Office of the Mayor

Mayor Mike Vandersteen explained the personal services will decrease in 2020. In 2019 there was an overlap of Mary Rajer and Sara Schwefel prior to Mary s retirement. Mary Rajer s insurance continues to be paid by the city, but this is only until 2021.

Motion by Aldersperson Wolf, seconded by Aldersperson Savaglio to recommend the Common Council adopt. Motion carried.

3.11 BUDGET: Finance Department

Director Halverson explained the 2020 Budgets managed by the Finance Department.

GENERAL FUND Finance (pages 91 94) Increase in staffing by 1.0 FTE Increase in IT support charges Overall \$6427 increase from 2019 amended budget to 2020 budget Assessing (pages 95 96) Increase in

outsourced assessor contract beginning in 2020 along with 3 new computers being purchased. Insurance (pages 105 106) Recent trends allowing reduction in Administration services costs Employee Benefits (pages 107 108) No notable changes in 2020 Interfund transfers (pages 183 184) No notable changes in 2020 Unclassified (pages 185 186) Increase of \$106,605 related to Wal-mart potential adjustments, unpaid personal property taxes, and contingency reserve SPECIAL REVENUE FUNDS Tourism Fund (pages 204 206) Increase in revenues due to increased motel taxes Increase in related room tax due to the Commission including the inclusion of Blue Harbor room taxes Net effect flowing through the interfund transfer reduction to General Fund Special Assessment Fund (pages 223 224) No notable changes in 2020 Harbor Centre Marina Fund (pages 225 226) Small increase in marina receipts Reduction in capital expenditures by \$126,000 DEBT SERVICE FUNDS Debt Service Fund (pages 232 239) Decrease in revenues by \$257,435 (reduced interfund transfer from Tourism Fund \$480,371) Property tax levy increase by \$119,869 Decrease in expenditures by \$5,063,021 Principal decrease by \$5,060,313 Convention Center Debt Service Fund (pages 240 241) No notable changes in 2020 TID 5 Debt Service Fund (pages 242 243) TID 5 closed in 2018 TID 6 Debt Service Fund (pages 245 - 248) Incremental revenue decrease by \$16,341 Decrease in principal by \$35,000 and interest of \$12,788 TID 10 Debt Service Fund (pages 288 290) Incremental revenue increase by \$27,437 No notable expenditure changes in 2020 TID 11 Debt Service Fund (pages 252 255) No notable changes in 2020 TID 12 Debt Service Fund (pages 256 258) Incremental revenue increase by \$51,650 Expenditure increase by \$223,027 due to interfund transfer to TID 17 TID 13 Debt Service Fund (pages 259 261) Incremental revenue increase by \$42,299 Expenditure increase by \$258,318 due to interfund transfer to TID 17 TID 14 Debt Service Fund (pages 262 265) Incremental revenue increase by \$397,342 No notable expenditure changes in 2020 TID 15 Debt Service Fund (pages 266 - 268) Incremental revenue increase by \$27,395 No notable expenditure changes in 2020 TID 16 Debt Service Fund (pages 269 272) Increment increase by \$288,516 No notable expenditure changes in 2020 TID 17 Debt Service Fund (pages 273 275) Increment increase by \$48,983 Interfund transfers from TIDs 12 and 13 for \$523,027 Bond interest expenditure of \$152,433 TID 18 Debt Service Fund (pages 276 279) Increment increase by \$100,372 Expenditure decrease related to the NAN refunded in 2019 Bond interest increase by \$199,426 TID 19 Debt Service Fund (pages 280 282) Bond interest increase by \$17,473 Environmental TID Debt Service Fund (pages 283 284) Increment increase by \$7,050 CAPITAL IMPROVEMENT FUNDS Capital Project Fund (pages 286 289) Decrease in Revenues by \$7,624,090 Federal subsidy decrease by \$7,163,267 related to road projects Decrease in Expenditures by \$13,627,608 Capital Outlay decrease by \$13,597,608 Capital Improvement Fund (pages 290 293) Revenues decrease by \$1,831,580 Expenditures decrease by \$2,898,772 Reduction in interfund transfer to Motor Vehicle Fund by \$851,000 Capital decrease by \$2,015,157 Industrial Park Fund (pages 294 295) No notable changes in 2020 TID 6 Capital Project Fund (pages 296 - 297) Expenditure period ended in 2017 TID 12 Capital Project Fund (pages 298 300) No notable changes in 2020 TID 14 Capital Project Fund (pages 301 302) Decrease in revenues by \$50,000 Decrease in expenditures by \$391,840 Reduced capital TID 16 Capital Project Fund (pages 303 304) Decrease in expenditures by \$366,475 Reduced capital in 2020 (Halprin fountain in 2019) TID 17 Capital Project Fund (pages 305 307) Decrease in revenues by \$2,425,000 (less borrowed funds in 2020) Increase in expenditures by \$627,639 Capital increase of \$600,000 TID 18 Capital Project Fund (pages 308 309) Decrease in revenues by \$600,000 (no planned borrowing for 2020) Decrease in expenditures by \$1,563,025 (reduced capital \$1,578,373) TID 19 Capital Project Fund (pages 310 312) Increase in revenues by \$540,000 (planned borrowing in 2020)

Increase in expenditures by \$457,639 (capital street improvements) LIABILITY INSURANCE FUND (pages 320 321) Decrease in revenues by \$100,000 claims charged to departments Decrease in expenditures by \$100,000 for insurance deductible CEMETERY PERPETUAL FUND (pages 358 359) No notable changes in 2020 Motion by Alderperson Wolf, seconded by Alderperson Savaglio to recommend the Common Council adopt. Motion carried.

3.12 BUDGET: Human Resources Department

Human Resources Director Sandy Rohrick explained there is a decrease in contracted services resulting from the Office of the City Attorney items that formerly outsourced to outside legal counsel. There is also a decrease in training and conferences for 2020.

Motion by Alderperson Wolf, seconded by Alderperson Savaglio to recommend the Common Council adopt. Motion carried.

3.13 BUDGET: Municipal Court

Municipal Court Judge Torry confirmed the Municipal Court 2020 Budget reflects revenues to increase in 2020, and expenditures to remain constant. The debt collection system is difficult to determine due to the older debt that has been collected through State Debt Collection.

Motion by Alderperson Wolf, seconded by Alderperson Savaglio to recommend the Common Council adopt. Motion carried.

ITEMS FOR DISCUSSION ONLY

4.1 BENCHMARKS: Department of Human Resources

Director Rohrick explained there has been a 5.8 percent turnover this year through retirements and police officers leaving to take non-public sector jobs.

ADJOURN

Motion by Alderperson Wolf, seconded by Alderperson Savaglio to adjourn at 5:57 p.m. Motion carried.