

1. **CALL TO ORDER.** The special meeting of the Village Board was called to order by President Staton at 5:03 p.m. on Monday, December 8, 2008.
2. **ROLLCALL.** Present: Darlene Groenier, Phil Harms, Jon Lourigan, Eric Poole, Steve Staton and Randy Way. Absent: Jerry Bollig. Also present: Village Administrator Mike Gracz, Finance Director Renee Hoeft, Police Chief Doug Pettit, Public Works Director Mark Below and Clerk Georgia Johnson.
3. **PUBLIC APPEARANCES AND PUBLIC HEARINGS.**
 - a) Discussion and Possible Action on Purchase of Property at 380 Florida Avenue. This will go to next Monday's meeting.
 - b) Update on Purchase of 350 Florida Avenue. Closing set for December 12, 2008.
 - c) Discussion with Paul Lynch and Possible Action regarding Invoices from Vierbicher for Dane County Grant for Jefferson Street Project. Gracz referred to the letter distributed that was received from Vierbicher just before the meeting. Gracz noted that he has reviewed the market analysis and suggested that this be brought back to the next Board meeting with a recommendation.
4. **DISCUSSION ON 2009 BUDGET AND 2008 TAX BILLS.**
 - a) Major Water and Sewer Issues:
 - 1) Replacement of Transponders. Hoeft referred to the April 9th memo that explained the change of the transponder equipment from Trace to Orion. Trace equipment has been used in the Village to read the water meters and Badger Meter can no longer purchase that equipment. A large number of Trace transponders are going dead every month and the Board approved switching to Orion transponders in 2007. That increased the cost for the meter equipment in the water utility budget—\$60,000 in 2007 and \$132,000 in 2008. Since April of 2007, 1400 transponders have been replaced with 2500 yet to be replaced. There are approximately 950 transponders on hand and another 1650 need to be ordered. The estimated cost is \$152,000. This is a large amount of cash coming out of the water utility budget in a very short period of time. The proposal is to have the sewer utility advance the water utility \$170,000, interest free, for the next 10 years. All costs for the meters is charged to the water utility. In the sewer utility the charge is called joint water/sewer meter expense—which is comprised of depreciation, taxes on the equipment and return on the meters. For 2008, the sewer utility will pay the water utility \$48,000. This includes the rate of return which includes the maintenance on the meters and the time it takes staff to read the meters—all of which is charged to the water utility. This is a normally a fair allocation, but with the large sum of money spent over the past three years, \$344,000, it is not a fair allocation. This allocation is to make the water utility whole over the life of a meter which is approximately 18 years. The water utility spending \$344,000 in 3 years would get paid back over 18 years and causes a cash flow in the water utility. Hoeft noted she has talked with the Public Service Commission and the Village's auditors about the advance being interest free and there is no problem with that. The PSC's concern is that the sewer utility is paid back so they want to make sure there is a repayment schedule. The recommendation is to advance funds from the sewer utility to the water utility to allow for the purchase of the additional meters. If ordered now, the Village can purchase the meters at a reduced cost—if the order is over 1200 units. It is being checked into whether delivery can be postponed until after July 1st. There was discussion including what the difference in price would be if ordered later (approximately \$8-\$9/unit), how many units can be changed out in a year, it was noted 1400 were done in an 18 month period, etc. It was noted this item was not posted as an action item so action will be taken at the December 15th meeting. Staton reiterated that the staff recommendation is to advance funds from the sewer utility to the water utility to purchase meter equipment, interest free, to be paid back in 15 years and raise water rates in 2009.

It was noted that items #2 and #3 were discussed under this item and there is no need for further discussion.

- 2) Cash flow issues in Water Utility.
 - 3) Advance to Water Utility.
 - 4) Review of Water Rates after Completion of 2008 PSC Report. Hoeft advised that the last time water rates were raised was in March of 2004. The Public Service Commission set the Village's rate of return at 8.5% at that time. The rate on return on the 2007 PSC report was 8.72%. Since that is above 8.5% the Village cannot ask for a rate increase. Hoeft recalculated that rate of return if both positions had been filled and it would have dropped down to 8.26%. The PSC is currently giving rates of return on new rate increases of 6% to 7%. Since the Village is already above what it is able to get on rate of return, this will need to be considered before a rate increase is requested. The PSC determines the rate for the water utility—based on spreadsheets that are submitted to the PSC. The Village has committed to reviewing its rates more frequently since the rate increase in 2001 was a 55% rate increase in that the rates had not been increased since 1991. Staff is proposing the Board review the rates after the 2008 PSC report is submitted in March of 2009 and look at whether or not the rate needs to be increased. Hoeft stated the rates should be reviewed about every 6 months to keep track of where they are and whether they need to be adjusted. Hoeft referred to a report received from Ruckert Mielke entitled "*Fitchburg and Lancaster Join the Ranks of Communities Requesting Conservation Water Rates*". This is something the Village could consider the next time it looks at increasing the water rates. Hoeft went on to explain how the conservation water rate works—residential users using more than 10,000 gallons of water per month would pay more per gallon after they go over 10,000 gallons. It is something that would need to be requested when the Village goes in for a rate increase. There was further discussion.
 - 5) Review of Sewer Rates after 2008 Audit. Hoeft suggested that in the Spring after the audit is done, the Village review its sewer rates and to make a commitment to review them every couple of years. The last sewer rate increase was in November of 2007. There was some discussion.
 - 6) Review of Delinquent Utility Bills in Spring 2009. Hoeft noted another issue that is affecting the water utility is that more and more people are delinquent on their utility bills. Last year \$32,000 was put on the tax roll as delinquent water/sewer charges, this year over \$60,000 was put on the roll for delinquent water/sewer and refuse charges--\$9,000 of which was refuse. The total delinquent amount when the letters were mailed on October 15th was \$106,000. Stated noted this ties in with item #7 encouraging residents to pay utility bills monthly. This is needed for cash flow purposes. There was discussion including the Village's policy to shut water off to a residence and that will be discussed at a Finance meeting in April.
 - 7) Encourage Residents to pay Utility Bills Monthly.
- b) Water and Sewer Utility Budgets:
- 1) Water and Sewer Utility Budgets Staff Report. Hoeft indicated this is covered in the November 17th memo.
 - 2) April 9, 2007 Memo. Discussed earlier.
 - 3) Joint Meter Charge to Sewer.
 - 4) 2008 Cash Flow Spreadsheets for the Water and Sewer Utilities. Hoeft referred to the cash flow breakdown month-to-month for the water and sewer utility. Cash is broke down into "cash" and "restricted cash"—the cash line is unrestricted cash—at the beginning of 2008 this was at \$167,000, by the end of January it was down to \$160,000, February dipped negative \$18,000 (due in part to the debt payment due March 1st), in March unrestricted cash was at \$4,000, and so

forth through the year going from negative \$72,500 (in May) to \$128,000 (in November). The costs in water utility cycle through and are not consistent month to month, but the number of months in the negative is of concern. The cash flow needs to be kept track of and what people are paying and at some point perhaps go for a rate increase. Hoeft noted that when the rate increase was done in 2001 at the end of the year cash for the water utility was a negative <135,000>--that amount was transferred from the sewer utility to the water utility to be paid back over 10 years. It is hoped not to get in that position again and it is important to keep track of the cash flow. Hoeft noted the report indicates what was collected per month—averaging from \$80,000 to \$100,000—although in November \$140,000 was collected due to residents paying delinquencies rather than it going to the tax roll. It is estimated that December's billings will total around \$80,000—which would give the Village about \$125,000-\$130,000 in unrestricted cash at the end of the year. It was noted that at the end of 2006 unrestricted cash was at \$200,000, at the end of 2007 it was at \$160,000 and it is estimated at about \$130,000 the end of 2008. This is a drop of \$30,000-\$40,000 per year. Hoeft noted that the Board needs to take into consideration that during those years the Village has been purchasing the new transponders. If the money is advanced from the sewer utility, it will help to change this trend and if it does not, then the Board will need to look at a possible rate increase in 2010.

The sewer utility cash flow in 2008 shows an unrestricted cash flow from \$1.1M to \$1.3M. It is currently as \$1,072,000. It is anticipated to go down in December because of payments being made on the lab building. Hoeft noted this shows that the sewer utility does have the cash available to make an advance to the water utility. There was discussion including what the PSC uses to make a determination for a rate increase, PSC uses a three year average, actual numbers are reviewed as well as projected figures for the year, what the bond payment requirements are and so forth.

- 5) 2009 Water and Sewer Budgets. Hoeft noted these budgets were adopted November 24, 2008 when the Board adopted the 2009 Budget however the Board has not had an opportunity to go through them and that is why it is on the agenda. The revenues do not indicate a rate increase for 2009, the expenditures have been adjusted, few increases—to salary and transportation. Under water utility the last expenditure, the transfer out to other funds of \$215,000, is the taxes that the water utility pays to the general fund. The sewer utility does not have to pay back the general fund. There was discussion.
- 6) 2009 Water and Sewer Cash Flows. Hoeft noted these are projected cash flows for 2009. Both utilities show more expense than cash coming in. These are not significant deficits and it is hoped there will be less delinquencies in 2009.
- 7) 2009 Water and Sewer Capital Budgets. Hoeft went over each of the capital purchase budgets for sewer and utility noting the total budgeted amounts—sewer \$13,200 and utility at \$185,800—the major cost being the purchase of the additional transponders discussed earlier.

President Staton called Hans Noeldner to the table to speak. Noelder requested earlier to be allowed to speak at tonight's meeting.

Noeldner, 133 W. Lincoln St., spoke to the matter of a liner being installed under Hwy. 14, his opposition to it and his reasons for opposing the installation. He thanked the Board for allowing him to speak at this time.

- c) Update on Mailing of Tax Bills. Hoeft stated the bills have been printed. A company was hired to do the mailing which will allow for a reduced rate in postage and no staff time to do it—this is a labor intensive process. Hoeft advised that anyone interested in finding out the tax amount can visit the County's website: <http://accessdane.co.dane.wi.us> or the site is posted on the Village's website. There was discussion.

- d) Tax Bills and Mill Rate (First Dollar Credit and Lottery Credit). The lottery went from \$107 to \$94 per parcel. Hoeft referred to the tax bill insert that makes a comparison of 2007 and 2008 tax bills and went over the mill rates, the revaluation done in 2008 is credited with the drop in the mill rate, the lottery and first dollar credits, etc. There was discussion.
 - e) Discussion of Tax Collection and Extra Help. Hoeft noted that without the Village outsourcing the collection of taxes for the first time in three years, two temporary employees are being brought in to assist with tax collection. There was discussion. All taxes are to be paid to the Village of Oregon.
 - f) Update on Credit Card Payments for Tax Bills. Hoeft advised that she has contacted Official Payments and they will set the Village up with the ability to accept credit card payment for tax collection. Official Payments will give municipalities in Dane County that were using the system through the County the same rate as the County. This should be set up by December 21st. Hoeft went over methods of payment and the cost involved.
5. **APPROVAL OF VOUCHERS**. Poole moved, second by Harms, to approve the payment of vouchers for the General Operating Fund in the amount of \$107,226.82 per the list dated December 8, 2008. Roll call vote: Groenier – yes; Poole - yes; Staton – yes; Way – yes; Harms – yes; Lourigan – yes. Motion carried 6-0.

6. **PROCLAMATIONS AND ANNOUNCEMENTS**.

- a) Village Board Comments. There were none.
- b) Staff Comments: Pettit reminded residents that alternate side parking is in effect and will continue through April 1st. There have been a number of calls regarding the traffic signal and confusion with the pattern, there has been an increase in the number of burglaries recently and residents need to take safety measures such as locking their doors, use of outdoor lights and so forth.

Lourigan suggested that the Public Works Committee take a look at putting a turn sign on W. Netherwood for N. Burr Oak due to the heavy traffic.

Below noted the period lights should be going up this week. Advance Construction is working on the 72" culvert going up Brook Street.

Hoeft advised that Pellitteri mailed calendars to the residents that will have an additional pickup in 2008 because of the change in recycling. Staff is working with Pellitteri on distribution of the 2009 calendar. Staff is also working on the solid waste flyer—it will be on the web page when it is completed, etc.

Pettit noted there will be horse parade going through the downtown on Saturday, December 20th, at 1:00 p.m. and the Police Department will be utilizing a moving road block. There was a brief discussion.

7. **COMMUNICATION AND MISCELLANEOUS BUSINESS**.

2008 Issues:

- a) Review of Investments, Connection Fees, Impact Fees and Building Permits. Hoeft noted the building permit information was distributed tonight. There was some discussion. It was noted there has been large drop in the total number of permits taken out over the past few years. There has been an increase in the number of remodels.

- b) Update on Expenditures for DNR and FEMA Grants. Hoeft went over the expenditures for the purchase of the two properties on Florida Avenue to give the Board an idea of where it stands. An advance was authorized in the amount of \$158,000 back in June to cover purchase of the four properties and \$148,000 will be used from that advance. There was some discussion including what would be done with the homes—whether removed, demolished, etc.
- c) Discussion and Possible Action on Projected 2008 Deficit. Hoeft noted the financial sheet shows by revenue source what has been collected and spent to date compared to the budget. It is projected that we will go over budget by approximately \$31,000. This is to make the Board aware of the deficit and Hoeft went over the deficit amounts including Fund 414, the Fire District and fuel surcharges which will be discussed later in the meeting.
- d) Discussion on Fund 214—Refuse and Recycling Pickup. Hoeft referred to the December financial statement for refuse & recycling noting it does not include the November or December bills from Pellitteri or collections from the residents. It currently shows \$18,900 deficit and it is anticipated it will come in close to projected. A budget transfer of \$20,000 will be considered later tonight to cover the deficit. The major deficit is from fuel surcharges—which are separated out. \$14,100 was paid in 2008 for fuel surcharges. When preparing the 2008 budget, \$8,000 of tax levy was budgeted to cover the generator tax which was thought to be more than enough to cover that and the gas & fuel charges have used that up and will still need an additional \$12,000. Hoeft referred to page 1 of the report noting that the cash is a negative \$63,000 and receivables are at \$45,000—this is due to having to pay Pellitteri in November and collecting for that bill in December—there will always be about a month of Pellitteri’s bills as deficit cash. This will show up on the auditor’s report and will be explained at that time to the auditor. There was discussion.
- e) Discussion and Possible Action on Transfer from General Fund to Fund 414—Capital Equipment Fund. Hoeft referred to the summary sheet noting that in 2008 the amount of \$12,146 was received from Dane County for agriculture conversion fees from two of the annexations that took place in 2003 and 2005—the S&H and Lycon annexations—the Village gets 50% of what the County received and 50% of that has to be turned over to the Town if the Village collects it within two years of the annexation. This was unanticipated revenue and it is being recommended putting it in the Capital Equipment Fund. Capital Equipment is not being funded at the level it should be and since these were unanticipated revenues it is recommended to transfer the agriculture conversion charge to Fund 414. **Harms moved, second by Groenier, to transfer the agriculture conversion monies to Fund 414—Capital Equipment Fund. Motion carried 6-0.**
- f) Discussion and possible action on Disposal of meters and transponders. **Poole moved, second by Harms, to approve disposal of the meters and transponders as listed. Motion carried 6-0.**
- g) Discussion and possible action on Disposal of equipment. There were no requests.
- h) Discussion and possible action on 2008 Carryovers. Hoeft stated these items would be carried over from the 2008 budget as listed. **Harms moved to adopt Resolution #08-28 for the 2008 carryovers to 2009. Second by Groenier. Motion carried 6-0.**
- i) Discussion and possible action on 2008 Designation of Funds. Hoeft noted these include funds that are designated—to crime information reward, the Historic Preservation Committee and case management. **Lourigan moved, second by Harms, to adopt Resolution #08-27. Motion carried 6-0.**
- j) Discussion and possible action on WOW’s request for additional funds in 2008. Gracz noted this is a request from Trustee Bollig and also an update from the Cable Committee on what efforts are

being made to become profitable. Vernon noted they have someone attending a class on budgeting and business plans and when finished in April the Committee will have a better idea of where it is headed. Vernon stated that if the Board wants an audit, they would be willing to do that. The Village asks for this from other organizations that receive monies from the Village and it is felt that WOW should be asked to also. There was discussion including how much an audit would cost, how an audit would be paid for, whether to send out RFP's, etc. Following discussion, **Poole moved to have \$7,000 from Cable Franchise Fees used to cover the Oregon Community Foundation's short fall for December 2008. Second by Lourigan.** Discussion continued. **Motion carried 6-0.**

- k) Discussion and possible action on 2008 Budget Transfer #7 and discussion on police radios. Hoeft referred to budget transfer #7 and went over the items in detail as listed. Pettit noted the Police Department applied through Dane County Emergency Management for a homeland security grant to purchase additional crossover radios which will accommodate the new band width. The request for \$16,645.70 was matched by the municipalities—or \$12,484—and the Village's match is \$4,161.00. There was an incentive to order the radios before the first of the year by way of a \$300 discount per radio for a total of \$3,000 and Dane County is applying a \$50 credit per radio which brings it down to \$13,647. Pettit stated the request is to use the equipment grant money to provide the matching amount. This would allow the P.D. to make some headway in updating for the new system. There was discussion including the fact that the update extends to the Fire/EMS, the Public Works Department, and the Police Department, etc. Following discussion, **Poole moved to approve Budget Transfer #7 including the acquisition of the police radios. Second by Lourigan.** Discussion continued. **Motion carried 6-0.**
- l) Discussion and possible action on payment to Fire District for 2006-2008 budget reallocations. Hoeft stated this is for the reallocation of the 2006-2008 budget amounts—part of which is due to the Department of Revenue error in 2006. The item was on the agenda in November but no decision made by the Fire/EMS District Commission. It is on the agenda for the Wednesday night meeting and it is anticipated a motion will be made. Hoeft noted staff is recommending that if the current allocation is accepted by the Fire/EMS District, to make payment in 2008. This is included in the deficit amount discussed earlier. There was discussion. Lourigan stated he will bring that to the Commission's attention. Following additional discussion, **Groenier moved to make the payment to the Fire/EMS District in 2008 in the amount of \$9,348.49. Second by Lourigan.** Way noted he would not be voting on this issue. **Motion carried 5-0-1, with Way abstaining.**
- m) Discussion and possible action on annual payment to sewer utility on advance. Hoeft explained that when this item was added to the agenda it was not certain where the cash flows would end up as November utility bills were still being worked on. We are now far enough along to make some projections and it is projected to have almost \$130,000 in cash. Hoeft is suggesting going ahead and making the \$13,000 payment on the advance from the 2001 advance to keep paying that down. There is no action required at this time.

2009 issues

- n) Discussion and possible action regarding Maintenance Renewal Agreement of Optech Election Equipment. Johnson noted this is to renew the maintenance agreement for the Optech equipment in the amount of \$780.00 and is budgeted for. **Harms moved to approve the Maintenance Renewal Agreement for the Election Equipment in the amount of \$780.00. Second by Groenier. Motion carried 6-0.**
- o) Discussion and possible action on Storm water fees to repay advance from General Fund. Hoeft stated this is a reminder that on June 10th, 2008, a motion was made to transfer \$158,000 from the general fund to purchase the homes on N. Burr Oak and Florida Avenue. There is currently \$105,000 in the stormwater fund and the Board's recommendation is to use stormwater fees to repay

that \$158,000 to the general fund. There is some concern about drawing money out of the stormwater fund with only \$105,000 in it. That could become an issue if something came up that the money was needed for. This is to remind the Board that the direction was to use stormwater fees to pay this advance. There was discussion including what the annual payment would be \$15,800 plus interest which is tied to the LGIP, which was 2.75 in 2008, etc. No action is required unless the Board wants to give the directive to make the payment on the advance. Discussion continued including annexations that would be required to make that monthly payment, the stormwater fee has not been raised for several years, what other communities are charging (will check with Ruckert Mielke), and so forth.

- p) Discussion and possible action on delaying purchases of capital items (from 2009 Budget Hearing). This is a request from Trustee Bollig. There was some discussion and it was concluded to put it on the Finance Committee agenda for discussion.
- q) Discussion and possible action on Stafford Rosenbaum 2009 agreement. **Harms moved, second by Lourigan, to approve the 2009 Agreement for Legal Services with Stafford Rosenbaum.** It was noted this is a \$5/hr increase from 2008. There was discussion including the need for a firm that specializes in municipal law. Poole noted he would be abstaining from voting since Stafford Rosenbaum is his attorney. **Motion carried 5-0-1, with Poole abstaining.**
- r) Discussion and possible action on water liner under Hwy 14. Gracz indicated there is no need for the Board to take action at this time. It will be discussed in more detail at the December 15th Board meeting. Gracz referred to the summary sheet on this item which answers some of the questions that have come up including estimated costs for installing a roundabout (including water, sewer and storm sewer costs), how the liner under Highway 14 would be paid for if approved, the need for further discussion regarding the Hwy. 14/138 project and possible annexations, the Board needs to make a decision on whether it wants to annex properties east of Hwy. 14, the C-2 zoning issues with the property, and Planner Slavney's comments that the Village does not currently have any reserved Urban Service Area. There was discussion and it was felt that the Board needs to make a decision on whether it will be interested in annexing property on the east side of Highway 14. Discussion continued. It was agreed to have the Village Planner provide a memorandum with recommendations on these items, from the roundabout to the liner. Discussion continued.
- s) Discussion and possible action on Ruckert & Mielke's 2009 agreement. Staton noted this is to approve the 2009 agreement with Ruckert Mielke's Engineering services and noted they have been using the same rates since 2007. **Way moved, second by Groenier, to approve the 2009 Agreement for Services with Ruckert Mielke.** There was some discussion including the fact that the Village is not charged for travel time. **Motion carried 6-0.**
- t) Discussion on filling planner and front office position moved to January 12, 2009 finance agenda. For information only—will be discussed at the January 12th Finance Committee meeting.
- u) Discussion and possible action on changing utility bill format allow for flyers/messages sent to residents monthly. Hoeft stated this was discussed in January of 2008—going to a full sheet of paper for utility bills and possibly outsourcing the mailing. The cost at that time was about \$10,000. Hoeft noted that the processing of utility bills takes a considerable amount of staff time and is becoming difficult to do. The comparable cost of staff vs. outsourcing would be about the same but would free up a lot of staff's time. There was discussion regarding the advantages. The cost is determined by the "turn around" time—from when they got the file to when it was mailed from their office. This company is also used for mailing the Village's tax bills. They would stuff and mail the bills at the reduced automated mail rate. There was further discussion. This will be discussed in further detail at a future meeting.

Special Meeting of the Oregon Village Board
Monday, December 8, 2008

- v) Discussion and possible action on 2009 Budget Transfer #1. Hoeft advised this budget transfer is for adjustments necessary since there are two employees that will not be taking family health coverage in 2009 and went over the items in detail. **Lourigan moved, second by Groenier, to approve Budget Transfer #1 for 2009.** There was discussion. **Motion carried 6-0.**

- 8. **UNFINISHED BUSINESS**. None.

- 9. **FUTURE AGENDA ITEMS**.
 - a) Closed Session at December 15th Board meeting re: Earth Tech's Contract
 - b) Village Board Tour of Oregon Sports Arena on January 19th at 5:15 p.m.

- 10. **ADJOURNMENT**. The meeting was adjourned in closed session at 7:15 p.m. on motion by Lourigan, second by Way. Motion carried 6-0.

Submitted by
Georgia Johnson,
Village Clerk