

1. **CALL TO ORDER:** Chair Poole called the regular meeting of the Finance, Building & Facilities Committee of Monday, June 28, 2010 to order at 6:02 p.m.
2. **ROLLCALL:** Present: Eric Poole; Phil Harms; and Darlene Groenier. Also present: Village President Steve Staton; Village Administrator Mike Gracz; Finance Director Renee Hoeft and Clerk Assistant III Peggy Haag.
3. **APPROVAL OF MINUTES.**
 - a) **March 8, 2010.** Harms moved, second by Groenier, to approve the minutes of March 8, 2010. Motion carried 3-0.
 - b) **May 10, 2010.** Harms moved, second by Groenier, to approve the minutes of May 10, 2010. Motion carried 3-0.
4. **PUBLIC APPEARANCES.**
 - a) **Hawkins, Ash, Baptie & Co. – 2009 audit report – Monica Hauser.** Via phone conference. Hauser sent the two letters in the packet. One letter called “Communication with Those Charged with Governance” is about required communication to the Board, meaning, if there are problems during the Audit, there are specific areas in the audit they would be required to communicate it to you. A few things are required to be communicated to the Board. Significant Audit Findings, which there were none for 2009. Disclosing any accounting estimates that are in the financial statement. The biggest estimate that the Village has is the Fixed Assets. Any audit journal entries would need to be attached to this letter. There were no audit adjustments. Disagreements with management, there were none. Consulting with other accountants will need to be communicated to the Village as well. There were really no significant findings with the Village of Oregon’s Audit. Hawkins, Ash, Baptie & Co. issued a ‘Clean Unqualified Opinion’ which is the best opinion you can get. The last report is the Management Advisory Report. It talks about GASB Statement #51 on p2. It will be in effect for 2011. This statement explains that we need to be recording intangible assets i.e. easements & water rights. Value will need to be placed on these items and recording them on the Fixed Assets moving forward. The next statement, GASB #54, is more significant because it will affect the Village. It will be in effect December 31, 2011. GASB #54 changes the fund balance reporting and special revenue fund definition. The fund balance reporting will now have five (5) categories; Non-spendable, Restricted, Committed, Assigned and Unassigned fund balance. Village will have to adopt some new policies in relation to this statement. Hauser will forward the Village some sample policies when she comes across them. The Special Revenue Fund is another part of the statement. Hauser says we have to be careful about what we’re reporting in these funds it’s possible that some items should be reported to the General Fund.
5. **COMMUNICATIONS AND MISCELLANEOUS BUSINESS.** NONE.
6. **UNFINISHED BUSINESS.**
 - a) **Discussion on Water and Sewer Rate Reviews—in process for future meeting.**
 - 1) **2009 Water Rate of Return 6.73% - 2010 Simplified Rate Case Rate of Return 6.3% - last water rate increase March 1, 2004.** Hoeft said we haven’t heard back from Fitchburg yet and is still waiting on PSC on the Municipalities in Dane County and how many Municipalities total from the state that have done the Conservation Water Rates (when the usage goes up, the fee per thousand gallons goes up instead of down). Hoeft went to the PSC website and printed off some comparable for just Dane County. The ¾” that the Village uses is comparable to the 5/8” that PSC mentions. Harms wanted to know whether we are to increase the sewer rates or water rates. Hoeft said that it’s something the Board could make a decision on. Poole asked if we are looking to do a full blown review next year. Hoeft said

that last time we did a review it cost the Village \$3,000. It has been six years since the PSC has looked at our full rates and compliance with the bond covenants. Since we are a Class C utility there is no need to be reviewed by the PSC every five years. Mostly the increase would affect residential not commercial.

- 2) 2010 Sewer Rate Review Discussion – last sewer rate increase November 2007. Hoeft said that John Cameron will be here July 19th to talk about the connection fee. What we do with the connection fee will have a major impact of what our sewer rate increase is going to be. The current connection fee is \$1,400. Last year we made our bond covenants by \$28,000 but our expenses were under budget by \$50,000. If our expenses had come in on budget last year, we would not have been in compliance with our bond covenants. Hoeft said that Cameron will also talk about how he has been working with Municipalities that are going out for G.O. debt issues and the rating agencies are looking at your water and sewer utility to make sure that you are in compliance with your water and sewer bond covenants. They are down grading municipalities' water and sewer rating if they are not in compliance.

In 2006 we had \$140,000 in connection fees and \$89,000 in investment income. For 2010 forecast we have \$28,000 in connection fees and \$5,000 in investment income. These two line items have a pretty good impact on our rates. The expenditures have increased from \$612,000 to \$714,000; Hoeft said that we have had new requirements. Our operating expenses have gone up; the amount of chemicals needed for the sewer plant, increase in volume and sludge hauling all has impact on the increase of our operating expenditures. Hoeft mentioned that Hauser will be looking at this to make sure that we have gotten everything. Hoeft feels that the Board should wait until they hear Cameron's report before moving in a direction.

- 3) 2009 Bond Requirements Calculation. The Village could be down graded if not in compliance. Get new rates in place. Sewer - \$28,000 / Water \$303,000. Moody's looks at separately. The Village is at the point to raise rates. When the utilities are combined we meet our bond covenants.
 - 4) Update on Disconnection Process. On page 66 overdue utility bills are totaling \$21,000. A year ago overdue bills were at \$54,000. This has taken a lot of Renae Fenricks time but it is helping. The Village is reconnecting up until 5:00 p.m. and would like to raise it reconnection fee to \$80 to cover the cost of overtime for Randy Hynes or Don Gray.
 - 5) Discussion on Possible Sewer Infiltration and Inflow Study in the 2011 Sewer Budget. Hoeft said when Jon Cameron from Ruckert Mielke is here he will discuss the Infiltration and Inflow of the Village. The Village is at 60% I & I and normal is 40%. He will discuss what we can do to get this number down like have the sewer mains televised to see if there is any leaking, possibly adding more sleeves to the mains like on Market Street.
 - 6) Discussion on Possible phosphorus regulations and upgrade to Sewer Plant. Hoeft said this is being talked about by legislation and would cost the Village \$5.4 million to implement. She is waiting for more information. Oakhill accounts for at least 15% of the total phosphorus and would have to pay a portion of the upgrade after it is finished. The \$5.4 million is not including any other upgrades. Gracz will put this item on the Board Agenda for August 2, 2010 when Below is present to discuss.
- b) Discussion and Possible Action re: Sewer Backup Insurance Claim (369 Jefferson St.) Gracz said the insurance agent answered all of the questions. Item 3, if we do consider this what kind of precedence is this setting. It was asked if this was in the lateral or the main. It costs \$8,000 for insurance and the Village does not get enough claims to justify the \$8,000 premium and the

premium is going up. **Motion by Groenier to recommend the Village Board deny the Sewer Backup Insurance Claim for 369 Jefferson Street. Second by Poole. Motion carried 2-1 with Harms voting no. Harms said the insurance claims are always denied and the Village hides behind it. He would like to do something different. Need notification right away.**

7. **NEW BUSINESS.**

- a) Review of Investments, Connection Fees, Impact Fees and Building Permits. In March the Village had one new construction, in April four and in May three putting us a little ahead of last year at this time.
- b) Discussion and Possible Recommendation to Village Board on Letter from Dane County regarding the Water Tower Property on Lincoln Road. On May 18th the Village received a letter from Dane County stating there are still outstanding taxes on 3 parcels. The water tower is one of the three parcels. Hoeft said it sounds like the Steidmann's will pay this. Waiting on this, two parcels are Ag land and the owner does not want to lose the land.
- c) Discussion on 2011 Budget and Future Debt Payments. Page 102 shows the tax levies through 2019 based on the assumptions of 3% for 2011 increase in levy and 2% for 2012-2019. Assessed value decreases 7% in 2011 and increases 1% 2012-2019 our debt payments do not start to fall off for another 4 years (2014).
- d) Discussion on Financial Policies and Initiatives. Adopt with 5 year plan. Capital budget really took a hit. This is what staff would like to work towards.
- e) Discussion on GASB 54. Hoeft talked to Monica, donations, library and trust accounts are okay but the W.O.W. would have to go back into the General Fund. Also the cemetery, water tower, canine, donations (police) accounts would need to go to the General Fund. The Senior Center should be okay if keep in a separate fund. Implementation is 2011 fiscal year but 2011 budget is adopted in 2010.
- f) Discussion on GFOA 10-Point Test. Article from last fall ran Oregon's numbers compared to what article show. A lot of communities don't do this. Only ten municipalities in Wisconsin that issue a CAPFR(Comprehensive Annual Financial Reports).
- g) Discussion and Possible Recommendation to Village Board on Updating Weights and Measures Ordinance. Dregne wanted to beef up ordinance a little more. Fine of \$500 for people who do not pay. **Motion by Poole to recommend the Village Board Update Weights and Measures Ordinance. Second by Groenier. Motion carried 3-0.** \$2,000 from the state. \$18 / \$19 per device is the charge. Weights and measures are required over a certain population. Do a first and second reading.
- h) Discussion on New Legislation on Chargeback of Personal Property Taxes. 2011 taxes can only be charged back if businesses go out of business, bankruptcy, etc.
- i) Next Finance Meeting is on July 19, 2010. This is agreed upon.
- j) August Finance Meeting moved to August 23rd – 10 Year Capital Plan Discussion. This was agreed on also.

8. **BUDGET TRANSFER.** NONE.

9. **CLOSED SESSION.** At 7:35 p.m., Harms moved to adjourn into closed session pursuant to Wis. Stats. Sec. 19.85(1) (e) & (f) to discuss negotiations with Hotel Developer. Second by Groenier. Roll call vote: Harms – yes; Groenier – yes; and Poole – yes. Motion carried 3-0.

10. **DISCUSSION OF FUTURE ASSIGNMENTS.**

- a) Status of Disclosure of Utility information
- b) Library sinking funds
- c) Letter from Resource Solutions Corporation Project Clean Up
- d) Park Equipment Fee
- e) Agreement with Town of Oregon on Payment of Cable Fees to WOW
- f) Discussion and possible action on Revised Purchasing Policy
- g) Equipment listing
- h) Discussion and possible recommendation to Village Board on Assessor proposals
- i) Discussion and Possible recommendation to Village Board on: Accurate Appraisal's Contractual Responsibilities as to the Significant Drop in Assessed Value for Genesis Housing
- j) Discussion and possible recommendation to Village Board on changes to Donated Leave Policy
- k) Discussion and possible recommendation to Village Board re: Paul Lynch's Sewer Fees
- l) Budget Transfer 2010-3

11. **ADJOURNMENT:** Adjourned in closed session on a motion by Harms and second by Groenier at 7:54 p.m.

Respectfully submitted by,
Peggy S.K. Haag,
Clerk Assistant III