

**SPECIAL JOINT CITY COUNCIL AND
WATER AND SEWER UTILITY COMMISSION
MEETING
Minutes**

July 14, 2014

Brillion Community Center

5:30 PM

CALL TO ORDER:

Mayor Deiter called the meeting to order at 5:30 pm.

ROLL CALL:

CITY COUNCIL:

Present were Mayor Gary Deiter, Alderpersons Robert Brick, Mel Edinger, Crystal Fflug, Betty Nies, Wally Sonnabend, Larry Van Frachen, and Carrie Wenzel. Also present was City Administrator/Clerk-Treasurer Lori Gosz.

WATER AND SEWER COMMISSION:

Present were Mayor Gary Deiter, Jeff Wittmann, Mary Jo Krueger, Wally Sonnabend, Dave Schwahn, Leonard Kopidlansky, and Dan Mertens. Absent was Joe Levash.

GUESTS:

Guests of the meeting were Ron Wolf and Amy Vaclavik from McMahon, Randy Much from MCO, and Jon Cameron and Greg Johnson from Ehlers.

APPROVAL OF AGENDA:

Motion – Sonnabend moved to approve the agenda as printed and circulated. Seconded by Edinger. Call vote. Motion carried unanimously.

5-YEAR CAPITAL FINANCIAL MANAGEMENT PLAN WORKSHOP #5 – EHLERS & ASSOCIATES, INC. (UTILITY COMMISSION AND CITY COUNCIL ACTION):

A. Consider Proposal for Professional Services for Refinancing of TIF #4 State Trust Fund Loan – Ehlers & Associates, Inc. (City Council Action):

Greg Johnson, Ehlers & Associates, presented two (2) handouts of the Financial Management Plan. He explained since the last workshop additional review and cost analysis of the Capital Improvement Plan was done. Also, changes to the Operating Budget were incorporated in the financial model. Debt service was also incorporated into the model.

Johnson explained operating revenues only show a modest increase. Projected expenditures reflect a 2% increase for wages and 9% increase for health insurance. The model does not include any changes in staff or significant changes in services.

Johnson reviewed the 5 Year I & Project Plan explaining they were grouped into two (2) financing, in 2015 and then again in 2017. Special assessment revenue was built into the model, which will offset the debt service that will be charged to the levy.

The revenue generated by special assessments is important to the projection of debt service and to maintaining adequate utility rates to ensure revenue is available to pay the debt. He explained GO Debt capacity needs to be carefully watched and monitored.

Johnson suggested consideration be given to restructuring the debt for TIF #4. He suggested paying off the 2010 State Trust Fund Loan and refinance it with taxable GO Refunding Bonds. This will allow for a positive cash flow moving forward.

Johnson reviewed the I/I Remediation and Street Projects Capital Plan costs. The costs are broken down into two (2) borrowings, 2015 issue and 2017 issue. He explained the special assessment revenues will need to be closely monitored to make sure they accurately are used to offset the debt service payments.

Johnson explained the current and projected debt limit calculations with the projected borrowing in 2015 and 2017. Ehlers was conservative on the projected equalized valuation. This debt limit calculations show the I/I Projects are top priority and there is a small margin for borrowing for other projects or emergency needs. Johnson illustrated the importance of the special assessment revenues generated.

Edinger questioned the streets that need repairs that are not included in the 5 Year Plan. Gosz explained the Utility Commission first identified the I/I Remediation Plan for the next five (5) years, then any streets in that I/I Plan areas were added. She explained streets such as Valley View, Bentwood, and Homewood was not included. However, these streets may be able to be chip sealed to get more years out of them. Wolf explained chip sealing maybe an option to save some streets, however, he cautioned the use of chip seal when it maybe more economical to pulverize and repave. Edinger suggested doing I/I project areas that have streets that need repair first.

Johnson reviewed the summary tax rate and levy projects for the next five (5) years in two (2) scenarios. The first scenario without Capital/Reserve Budget and the second scenario with Capital/Reserve Budget. Gosz questioned the levy limit calculation. Johnson explained it reflects the maximum adjustment for debt service, which will allow the City more to levy for budget needs. However, levying more is a political decision of the City Council. Gosz explained the projected tax rates do not include the School Tax Credit amount which is an average of 40 cents less.

Jon Cameron reviewed the Sewer and Water Utility projected revenue and expenditures. Cameron explained the sewer rate increase will remain at a minimum because of current debt expiring. He has projected a 6% sewer rate increase in 2015 and a 4% increase in 2017. This will allow for positive cash flow to complete I/I Projects moving forward.

Cameron reviewed the water cash flow analysis with the addition of debt service for the 2015 and 2017 projected borrowing. There is projected to be a 22% water rate increase in 2016 and a 78% increase for 2018. Cameron pointed out that the Water Utility portion of the 5 Year Capital Projects does not include any special assessment revenues.

Johnson explained the next step would be for Ehlers to prepare a final written document to present to the City. Mayor Deiter stated this process has been very valuable for budget preparation for the next five (5) years. It will help to determine what projects to complete. This is a road map moving forward that can be reviewed annually and adjusted as necessary.

Gosz questioned the interest rate for the State Trust fund Loan in TIF #4. Johnson recommended paying off the 2010 State Trust Fund Loan and refinancing it with taxable GO Refinancing Bonds.

Motion – Van Frachen moved to proceed with a proposal for professional services from Ehlers & Associates for the refinancing of the 2010 State Trust Fund Loan for TIF #4. Seconded by Sonnabend. Roll call vote taken. Motion carried unanimously.

WELL #5 PROJECT:

A. Overall Well #5 Project Update:

Vaclavik gave an update on the Well #5 Project. She explained the full water quality analysis report was good. Vaclavik reported Jossart had equipment failure and RJM was not able to get on the site on July 14, 2014 as planned. RJM will not be able to get to the site until July 21st. They have asked the City to be mindful that this delay was out of their control and they should still be able to complete the project on time.

B. Construction of Well #5 Update:

Vaclavik reported a letter was submitted to Sam's Well Drilling requesting a 5 Year warrantee on the Well #5 construction. She stated as of July 3, 2014 Sam's has pulled all of its equipment off the site.

Edinger asked if Sam's has requested any extra costs to develop the well. Vaclavik stated not to date.

C. Change Order #2 – 2014 Water Transmission Main Construction – Jossart Brothers, Inc. (Utility Commission and City Council Action):

Wittmann explained the extra expense for Jossart for the boring company is a result of a Change Order in the amount of \$4,998 in the contract. Vaclavik explained when Jossart was given approval to begin construction it was unsure how far we would need them to go; therefore, they did not sign a contract with their boring company. Then in June, when it was known that the well project would proceed, the subcontractor was unable to schedule the work until early August. In lieu of the City paying Jossart to remobilize to the site later to complete the work, Jossart has negotiated a fee with a different subcontractor who can complete the work immediately. The price increase for boring is from \$105 per foot to \$110.95 per foot resulting in the \$4,998 Change Order request.

Utility Commission:

Motion – Schwahn moved to recommend to City Council Change Order #2 to Jossart Brothers. Seconded by Mertens. Call vote taken. Motion carried.

City Council:

Motion – Sonnabend moved to approve Change Order #2 for Jossart Brothers. Seconded by Wenzel. Roll call vote taken. Motion carried unanimously.

D. Change Order #1 – Well #5 Pumphouse & Softener Facilities Modifications – General Construction – RJM Construction (Utility Commission and City Council Action):

Vaclavik explained the first two (2) items in the Change Order are due to the language changes due to the delay in the project. Item #3 is for completion date change. Item #4 is for project drawing that is part of the contract. Item #5 is for an increase of \$500 for asphalt paving on the driveway to the pumphouse.

Utility Commission:

Motion – Kopidlansky moved to recommend to City Council Change Order #1 for RJM Construction with Item 1-5. Seconded by Mertens. Call vote taken. Motion carried.

City Council:

Motion – Sonnabend moved to approve Change Order #1 for RJM Construction. Seconded by Brick. Roll call vote taken. Motion carried unanimously.

E. Change Order #1 – Well #5 Pumphouse Pumping Equipment – Municipal Well & Pump (Utility Commission and City Council Action):

Vaclavik explained the Change Order is a no cost Change Order just to address contract language changes due to the delay in the project.

Utility Commission Motion – Krueger moved to recommend to City Council Change Order #1 for Municipal Well & Pump. Seconded by Schwahn. Call vote taken. Motion carried unanimously.

City Council Motion – Sonnabend moved to approve Change Order #1 for Municipal Well & Pump. Seconded by Brick. Roll call vote taken. 6 votes cast. Motion carried unanimously.

COMMUNITY DEVELOPMENT DIRECTOR/REDEVELOPMENT COORDINATOR POSITION (CITY COUNCIL ACTION):

Gosz suggested considering advertising the position as full time. Mayor Deiter stated if we continue to hire part time positions we will continue to lose qualified individuals. If we want to grow we need qualified staff. He stressed concern of vacant buildings and need someone to help promote the City.

Edinger stated if we want dedication and keep aggressive staff we need to consider hiring full time.

Gosz will prepare costs of part time versus full time to be reviewed at the July 28th City Council meeting.

ADJOURNMENT:

Motion – Edinger moved to adjourn the meeting. Seconded by Nies. Call vote taken. Motion carried unanimously. The meeting was adjourned at 6:59 PM.

Gary Deiter, Mayor

Lori M. Gosz, City Administrator/Clerk-Treasurer