

CITY OF CEDARBURG
FINANCE COMMITTEE
April 16, 2024

A regular meeting of the Finance Committee of the City of Cedarburg, Wisconsin, was held online on Tuesday, April 16, 2024, utilizing the Zoom app.

Jack Arnett called the meeting to order at 1:00 p.m.

Roll Call: Present - Council Member Jim Fitzpatrick, Jack Arnett, Tim Voeller, Allan Lorge, Mary Kay Bourboulas and Michael Bradburn (joined at 1:20 p.m.).

Also Present- City Administrator Mikko Hilvo, Finance Director Kelly Livingston, Deputy Finance Director Maureen Hartjes and Mr. Harry Allen, Ehlers Investments.

STATEMENT OF PUBLIC NOTICE

Finance Director Livingston confirmed proper legal notice of the meeting had been given.

COMMENTS & SUGGESTIONS FROM CITIZENS

APPROVAL OF MINUTES

A motion was made by Ms. Bourboulas to approve the minutes of March 19, 2024. The motion was seconded by Council Member Fitzpatrick. Motion carried unanimously.

REPORTS

The Finance Committee reviewed the Ehlers March investment summaries and the quarterly cash investment listing. Finance Director Livingston stated the City is working on investing more cash. Council Member Fitzpatrick stated the added calculation on the Ehlers' reports is helpful.

NEW BUSINESS

Administrator Hilvo introduced the Ehlers Financial Management plan proposal and stated the Common Council wanted the City to look at a long-term financial plan and how it affects the City taxpayers. Administrator Hilvo said it would take the City a lot of time internally to create a plan like Ehlers and that the City can utilize unallocated ARPA funds to cover the cost. Mr. Allen stated Ehlers would take a comprehensive look at the City's financials and proactively plan for the future while keeping projects affordable to the taxpayers. Mr. Allen said it would take roughly six months to get a plan set up since Ehlers would look back at the previous four years and current year budget as well as project revenue and expenses for the next five years. Mr. Allen said Ehlers would prepare a client-specific excel based financial planning model that includes credit profile evaluation, valuation forecast, fund forecasts, capital planning model, debt model and consolidated tax levy and rate projection model. Mr. Allen stated Ehlers

would conduct a total of four governing body workshops to present key data, observations, findings, alternatives, and recommendations and to seek the input of the Governing body members and key staff. Mr. Allen stated following the model completion Ehlers will prepare a summary report that includes and explains all primary elements of the forecast model. Mr. Allen stated the estimated cost for this plan is \$20,500.

Mr. Arnett noted Ehler's financial plan for the Village of Jackson only had three suggestions in which the City already utilizes and asked how this plan would benefit the City. Administrator Hilvo stated the model will help the Council make decisions on future items as well as how all the different projects will affect the taxpayers. Council Member Fitzpatrick agreed and stated that this would help him make more informed decisions while on the Council.

Mr. Lorge asked if Ehlers can do different scenarios in the model. Mr. Allen said the model is very flexible and can provide as many scenarios as needed. Mr. Lorge went on to ask if this model can be used once or would it need to be updated annually. Mr. Allen stated the model can be used for up to two years after that time, years three through five, there are typically too many changes, and the model would need updating. Mr. Lorge went on to ask if Ehlers provides annual updates. Mr. Allen said Ehlers provides a PDF report and different impact scenarios. Mr. Lorge asked who has ownership of the model. Mr. Allen said Ehlers retains ownership of the excel file and the City receives a PDF file. Mr. Arnett stated that the City would not be able to make changes to the model since it is a PDF file instead of an excel file. Mr. Lorge asked if other communities have asked to own their models or are the models always owned by Ehlers. Mr. Allen said that Ehlers keeps ownership of the file as the excel file is very complex. Mr. Lorge asked how much that annual charge would be for model updates. Mr. Allen said annual updates range from \$10,000 to \$15,000 and that the first year is typically more due to set up. Mr. Arnett asked if Ehlers could incorporate a set number of hours in the City's contract. Mr. Allen stated that Ehlers will not charge for small updates and typically take care of small changes with no charge. Administrator Hilvo stated this plan would be very helpful for the Council in guiding their decisions. Mr. Lorge agreed with Administrator Hilvo and said the City has a lot of big issues coming up such as new development, a potential new wastewater treatment plant and all have a big impact on the City.

Administrator Hilvo stated the ARPA fund has about \$20,000 in interest and there is \$24,000 left in ARPA from the EMS Oversight project since the Town paid their portion. Administrator Hilvo stated the City has about \$44,000 of unused ARPA funds and said this would be a good use of the ARPA funds.

Mr. Arnett stated that the plan would be beneficial as long as the City received actionable recommendations from the Ehlers model. Council Member Fitzpatrick stated that the scenarios analysis provided by the model would be very important and useful especially with the potential new wastewater treatment plant project coming up.

Administrator Hilvo stated the City staff is starting to work on the 2025 capital plan now and will provide the information to Ehlers.

Ms. Bourboulas asked if the City could reach out to the City of Green Bay to ask if they would have done anything differently during their first year of the Ehlers model. Mr. Arnett asked if the City should get

another bid for the financial plan. Administrator Hilvo stated Ehlers is great to work with, always ready to help out and Ehlers is already very involved with the City.

Mr. Lorge made a motion for possible recommendation to submit Ehlers Financial Management plan to the Common Council. A motion was seconded by Ms. Bourbulas. Motion carried unanimously.

The Finance Committee proceeded to review the Revenue Policy – FC-1. Ms. Hartjes had prepared a draft updated Revenue Policy and a discussion ensued on additional changes and updates. Mr. Arnett stated the updated policy can go to the Council for approval. Administrator Hilvo presented the Fiscal Policy index and indicated that there are several policies that will need updating.

Administrator Hilvo presented the Wisconsin Legislative Council Act memo – 2023 Wisconsin Act 128. Administrator Hilvo pointed out that the 2023 Wisconsin Act 128 extends the maximum maturity date, from 10 to 20 years of a promissory note issued by a municipality, county, or school district. A discussion ensued about this change.

Mr. Arnett said now that he is on the County Board he would like to step down as Chairperson of the Finance Committee.

Identify future agenda items, and action thereon

Debt Policy (FC-2)

Property Assessment Policy (FC-8)

Writing off Uncollectible Receivables (FC-9)

Confirm Next Meeting Date - May 21, 2024, at 1:00pm

ADJOURNMENT

Motion made by Ms. Bourbulas, seconded by Mr. Lorge to adjourn the meeting at 2:00 p.m. Motion carried without a negative vote.

Maureen Hartjes
Deputy Finance Director