

Minutes
Finance Committee
Thursday, June 10, 2010

Please note: Minutes are unofficial until approved by the Finance Committee at the next regularly scheduled meeting

Members Present: Aldermen Wysocki, Ament and Hopkins, Citizen Member Kapfhammer, and Ralph Chipman, Finance Director

Members Excused: Mayor Chiovaturo

Others Present: Bill Foster, School Perceptions and City Attorney Mark Blum,

Meeting called to order at 6:05 p.m.

New Business

20-10 Approval of May 13, 2010 minutes

Motion by Alderman Hopkins to approve the minutes of the May 13th meeting. Second by Alderman Ament and approved unanimously.

21-10 Refunding Opportunities & 2010 CIP Financing

Mr. Chipman explains that Ehlers has reviewed the status of the city's debt refunding and CIP financing and has prepared the summary here included. As shown in the study, there are opportunities to save a substantial amount of money; in excess of \$500,000 over the life of the loans. There are basically 3 loans that can be refunded, and they suggest, in addition to refunding, new debt be issued and wrapped all together. In general, Ehlers suggests that review be done, and, debt issued in August.

Motion by Alderman Ament to recommend council direct Ehlers to move forward with the proposed plan for debt refunding and CIP financing. Second by Citizen Member Kapfhammer, and approved unanimously.

Old Business

02-10 City's Long Term Financial Management Plan

Alderman Wysocki shares a recent article from Moody's Public Finance Report and Outlook for April. Per the article, Moody's outlook for US Government ratings is negative, and expresses their expectation for the fundamental credit conditions in the sector over the next 12 to 18 months. This negative outlook reflects the significant fiscal challenges facing local governments as a result of the housing market collapse, dislocations in financial markets and a recession that is broader and deeper than any recent downturn. Brief discussion, and Alderman Wysocki states he will send a copy of this article to the committee, and asks that Mr. Chipman and Ehlers research the issues, as they pertain to New Berlin.

07-10 Restructuring of Finance Committee

Item tabled for future discussion

08-10 Citizen Survey

Alderman Wysocki presents Bill Foster of School Perceptions LLC, who begins with the most recent version of the proposed survey. Lengthy discussion and questions ensue. Mr. Foster agrees to re-work a portion of the question framing, and in a time saving effort, his next draft will be sent to committee via email prior to June 17th. With committee approval, the survey will be presented for discussion at the COW/Council meeting on June 22nd.

Impact Fees

City Attorney Blum explains that since the review of Impact Fees by Ehlers took place, we have had ongoing meetings with various departments dealing with the fees and their use. One, what should be done going forward, and two, should it be something which could be used for ongoing debt service, or the capital projects. He goes on to explain that a meeting was held in January to discuss what directive might be given to this group and ultimately, the council as to recommendations. By way of a brief summary; there were significant changes to impact fee law brought about primarily by the action of the builders association. Their concern was that the fees were being charged and not being used for the appropriate purpose, or, not being used at all. The upshot is that the law was modified as to what the fees could be used for, and the amount of time in which to use them. That changes the dynamic significantly, and if in fact, they are not used, or used timely, they must be refunded to the current property owner together with interest from the date of their collection. That time limit is seven years for purposes of collection, and ten years to actually spend. There is a provisional law allowing for extension, however, it would require a needs assessment. Focusing on the various impact fees we do collect, we did have a bike and pedestrian trail fee, and council approved the distribution of those fees back to the homeowners because we did not have ongoing purposes for which those funds could be used under the statute. As a brief summary, the legitimate purposes for impact fees are for capital expenses that are necessitated by new development. Operations and maintenance are off limits, as is replacement of a piece of infrastructure. The new Fire Station, for instance, is a good example of where impact fee dollars were allowed, based on what was replacement, and what was new development.

Looking first at the sewer fees; right now, the only thing we have is the SCADA, as well as sewer infrastructure that will be used to accommodate section 35. The anticipation is that the existing sewer impact fees can be used to handle that infrastructure. The concern is, do we continue to collect these fees city-wide, and the consensus of the study group appears to be no, due to the time constraints. The better option would be to target the fees by zones, and impose when a particular need is addressed. The study group recommends termination of the sewer fees, unless there are other projects identified for future sewer improvements, and, at the moment, the Engineering division does not anticipate any.

Alderman Wysocki raises the Mill Valley issue, and asks that Attorney Blum add this issue to a future Utility Committee agenda.

Moving on to water impact fees, Attorney Blum explains that the majority of those funds were spent for the regional benefit payment to the City of Milwaukee when we connected to Milwaukee water. The rationale being a greater level of usage in the future, and additional capacity would be serving new development, and legitimate use of the fees. Again, the consensus of the group is no recommendation for collection city-wide. Alderman Wysocki requests this item also be added to a future Utility Committee agenda.

The next three, Library, Law Enforcement and Fire all have the same issues, and in discussions with them, they do not anticipate any new development in the near term. Suggestion by the Library was to use existing dollars for debt service payments, and Law Enforcement, after review, be used for the Public Safety building. In each of these cases, there are no projects planned, and no recommendation to collect city-wide.

Park fees have had additional restrictions placed on them by the legislature, and unless there are plans to purchase additional park land, this particular fund also remains restricted. Public Sites and Open Space fees is limited in the same manor; where only new development needs are acceptable use of the funds and their collection.

In terms of recommendation, Attorney Blum suggests the Finance Committee consider recommending to council, the cessation of the collection of impact fees.

Motion by Alderman Hopkins to recommend council adopt the policy regarding New Berlin impact fees, with the exception of the Utilities, as summarized in the memo of January 18th, 2010. Second by Alderman Ament, and approved unanimously.

Adjourn

Motion by Alderman Hopkins to adjourn at 7:40 p.m. Second by Citizen Member Kapfhammer, and approved unanimously.

Respectfully submitted
Karin Ambrosch
Office Coordinator, Finance Dept
c: fincomm/06-16-10/kma