

Minutes
Finance Committee
Thursday, January 08, 2009

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

Members Present: Mayor Chiovatero, Aldermen Ament, Poshepny and Wysocki.

Others Present: Mike Holzinger, Finance Director, Mike Harrigan & Greg Johnson of Ehlers, Tami Potkay, HR Director, Pat Herrmann, Don Ullman, Streets Supervisor, Sue Hanley, Mark Schroeder, Park, Rec and Forestry Director, Nick Roethel, IT Director, Joe Rieder, Police Chief, Jim Hart, Utility Supervisor, Jeff Cupps and Chuck Treverrow, Stormwater Supervisor

Meeting called to order at 6:03 p.m.

Approval of minutes:

Motion by Alderman Poshepny to approve the minutes of the Nov 13, 2008 meeting. Second by Alderman Ament and approved unanimously.

Old Business:

1. Discussion, and possible action on: Council approval of payroll changes RAS: from Alderman Ament

Motion by Alderman Ament to remove from the table, the RAS on approval of payroll changes. Second by Alderman Poshepny, and approved unanimously.

Motion by Alderman Ament to recommend COW/Council remove from its agenda "Instruct the City Attorney to draw up a resolution or ordinance, whichever is appropriate, to be approved at the next Common Council meeting". Second by Alderman Wysocki, and approved unanimously.

2 Discussion, and possible action on: Ehlers Financial Plan

Alderman Wysocki begins the discussion with verification of Council approval of allocation of funds based on the recommendation to look at the City's financial planning. He requests each attending member provide input. He is looking to Ehlers to provide some reasonable assumptions that can be put to use in the coming years dealing with municipal financing, and potential guidelines.

The Mayor remarks that perhaps the 2006 study, and a five year plan may simply have been too overwhelming, and is hopeful that a three year plan is something that the Council can grasp. In looking at 2006 projections, he is pleased that we have been fairly accurate.

Alderman Ament makes the point that he too prefers the 3 year rather than the 5 year plan, and is hopeful that this will be more realistic, and provide for more flexibility.

Mike Harrigan of Ehlers distributed handouts with the approach they would like to take in the process, and explains the need to review annually to see where we are, and where we want to go.

Greg Johnson covered some of the results of the 2006 study, the revenues and resources, and comments on road maintenance issues and Fire Department staffing. He also covered continuation of State imposed levy limits, decline in non-tax revenues and increased cost of fuel and utilities. Comments were also made on the direction required to begin the planning process, consensus on direction of services and staffing, prioritization of capital projects and consensus on the use of fund

balances. He feels that especially important is the need to maintain a healthy fund balance going forward in order to maintain current Moody's bond rating.

Mr. Harrigan went on to explain that it is their hope to provide guidance on the impact of reduction in fund balances.

Alderman Wysocki would like to make note that the only remaining staff at 6:20 p.m. include Chief Rieder, Don Ullman and Sue Hanley.

Mr. Johnson continues with discussion on the Phases of the Plan and with their intention of putting this into pieces that are more manageable.

Phase 1 – Focus on operating budget and existing debt service obligations. On the operating side, establish the appropriate targets, look at any inflationary adjustments that may be necessary to maintain service levels, and try to understand council and staff direction in using the 09 budget as a starting point.

Phase 2 – Look at Capital Improvement Plan, and begin to incorporate that into the overall financial model. Look at existing debt profile and some of the financial indicators and find the appropriate balance between what can be cash financed in Capital Improvement Plan, and how it impacts the levy limit, and the overall projected levy, and look at proposed modeling of new borrowings if necessary.

Phase 3 – Take the operating and the Capital and combine it into an integrated model to see what total property tax levy will be over the next three years to answer the affordability level. Tie service levels into affordability and make sure they blend as much as possible. There may be a need for sensitivity analysis and adjustments as we look at the affordability issues.

Citizen Member Lavinio arrives for the meeting at 6:40 p.m.

Ehlers gives the committee thoughts for consideration and requests committee thoughts and comments on the presentation thus far:

Mr. Holzinger suggests that the committee forward this information to the Common Council for their direction, and Alderman Wysocki requests suggestions for presentation to Council. The Mayor feels the Fire Department will be the biggest issue, and perhaps the IT department. The Police Chief also feels IT will be an issue and is requested to present costs and useful life of equipment.

To begin Phase 1, we will need direction on "what ifs" to be looked at to be included in the calculations. Get a consensus on the issues and set a time line if it is believed this method will work. Before the first workshop, Ehlers will need the input of the City which will probably take a month to put together. Departments will need to consider potential expenditures for 2010 and the future.

The request is made that the Mayor meet with staff and come up with costs and projections to bring back to committee and Ehlers. Ehlers will then prepare a timeline and identify how that information will be integrated into a recommendation which will then go to Council.

Adjourn

Motion by Alderman Ament to adjourn at 7:25 p.m. Second by Alderman Poshepny and approved unanimously.

Respectfully submitted
Karin Ambrosch
Office Coordinator, Finance Dept

c: fincomm/01-12-09/kma