

**Village of Fox Crossing
Special Meeting of the Board of Trustees – Budget Workshop
Municipal Complex – Arden Tews Assembly Room
Monday, October 23, 2023 – 4:00 p.m. – 9:00 p.m.**

Minutes

1. Call to Order

President Dale Youngquist called the workshop to order at 4:00 p.m. Clerk Darla Fink noted those present including: President Youngquist, Trustee Michael Van Dyke, Trustee Kris Koeppe, Trustee Gregory Ziegler, Trustee Jason Patzwald, Trustee Barbara Hanson, and Village Manager Jeffrey Sturgell. There were two attendees.

2. Candidate Interviews to Fill Board Vacancy

Deb Swiertz was present to provide the Village Board with her employment and community service history, along with answering questions from the Board regarding her interest in this position. Deb then left the meeting.

Steven Krueger was present to provide the Village Board with his employment and community service history, along with answering questions from the Board regarding his interest in this position. Steven then left the meeting.

The Board advised both candidates they have one more interview to conduct and then plan to appoint the position at the November 13, 2023 Village Board meeting.

3. Presentation of Departmental Budgets

At 5:00 p.m., Community Development Director George Dearborn, Utility Superintendent David Tracey, Finance Director Jeremy Searl, Fire Chief Todd Sweeney, and Police Chief Scott Blashka arrived.

Director Searl advised he has fully reviewed the Valley Transit budget and there is a net gain of \$7,000 in federal grants. He also advised the Village received \$145,000 in spirit funds today for the recently ordered leaf vacuum. The ERF has been adjusted for the purchase of the AS400 server per the discussion at last week's budget workshop.

Chief Sweeney provided an update regarding the County's decision on the ARPA funds. It was a unanimous vote that we will no longer receive 100% of funding for the Police and Fire Department radios, but will instead receive 63-64% funding. The final vote will take place in early November. We will have two vendors to choose from, both at the same price.

Utility Capital Projects

Manager Sturgell advised he will start with the Utility Capital Projects as they feed through to the rest of this department's budget.

1. Valley Road Sanitary Sewer Replacement and Water Laterals design and construction from Olde Midway Road to Appleton Road. This project is in anticipation of the upcoming joint Valley Road reconstruction project with Winnebago County and the City of Menasha to occur in 2025. The costs for this project include \$2,950,000 in wastewater (which will be offset with \$361,000 in special assessments, \$2,000,000 in settlement funds, and \$4,000 from operations for sanitary sewer lateral program) and \$275,000 for water laterals and a small portion of water main.

2. Plank Road Sanitary Sewer Main and Laterals and Water Laterals for design and construction from Melissa Street to Oneida Street on the north side of Plank Road. This project is in preparation for the Wisconsin DOT project currently planned for 2026. The costs for this project include \$1,450,000 in wastewater (which will be offset with \$45,000 from operations for sanitary sewer lateral program and \$300,000 from special assessments) and \$385,000 in water.
3. Tumblebook Water Main Replacement for design and construction. The costs for this project include \$500,000 in water and \$135,000 in road resurfacing. The resurfacing will be completed after the water main replacement project.
4. Kenwood Drive Water Main Replacement for design and construction. The cost for this project includes \$160,000 in water. It's possible that this will be a joint project with the City of Menasha as they have a stormwater project they would like to complete as well.

Wastewater

Director Searl advised they are proposing a 3% wastewater rate increase, which will increase revenues by approximately \$130,000. The primary reason is for the increased treatment plan expenses and increased utility debt costs. Last year, a 5% rate increase was approved and 2022 had a 5% rate increase as well, but only for half of the year. There is continued use of the WSAC (Wisconsin Sewer Access Charge) fees in the same amount as the last few years, however this program will be reviewed as part of the upcoming impact fee study. As Manager Sturgell mentioned, we are recommending using \$2,000,000 in settlement funds this year for the Valley Road project. If that project came in at budget, we would have \$1,056,000 remaining in settlement funds for wastewater.

In payroll, there are no changes to staffing. A utility laborer was requested in this budget to be split 50/50 between water and wastewater however this position was removed in exchange for outsourcing the locates with a contracted service. The GIS Technician allocation changed with wastewater picking up 2.5% more (from 10% to 12.5%).

In the 02-10 Professional Services Account, there is an increase of \$57,095 for a new contract with a third party company to handle all of our locating services. This will significantly reduce the amount of staff time needed and reduces liability for the Village. We are averaging 4,300 locates per year which is deterring our staff from getting other projects done. Menasha and Little Chute are also using this company and this company will now have one or two staff members devoted to Fox Crossing. This is an annual contract they are proposing to start, but we can look at negotiating a longer term at a lower rate.

The 02-11 Computer Licenses and Maintenance Account includes carryover from the IT discussion for wastewater's allocation of programs including Office 365, ClearGov, virus protection, etc. In the 02-18 Non-Operating Lateral Expenses Account, there is \$49,000 budgeted for the private laterals as part of the capital projects discussed previously offset with savings. The 03-40 Operating Supplies Account is primarily for treatment plant expenses for a total of \$95,000, split between Fox West (\$59,948) and Neenah Menasha (\$35,684). The Debt Service Accounts are budgeted with an increase of \$20,000 for 2024. Principal payments will start in 2025 due to how late in the year these notes are being issued. This is another reason for the requested rate change in this utility to offset future costs for debt service. The 06-90 Other Debt Expenditures Account is for treatment plant debt and depreciation budgeted at \$22,000. The 08-01 Capital Reserve Account includes budgeted amounts for capital projects, purchase of a pole camera for inspecting manholes, \$15,000 to refurbish the American Drive office area, \$8,000 for an additional GIS trimble, \$24,000

to upgrade the SCADA software and computers, and \$40,000 to rehabilitate manholes which is an annual figure we budget for.

4. **Recess for Regular Village Board Meeting**

At 5:55 p.m., **MOTION:** Trustee Van Dyke, seconded by Trustee Hanson to recess this special meeting until completion of the Regular Village Board Meeting. Motion carried via voice vote.

5. **Reconvene Upon Completion of Regular Board Meeting**

At 7:00 p.m., the special meeting was reconvened.

6. **Continue Presentation of Departmental Budgets**

Wastewater (continued)

Director Searl went back to the discussion on proposed rate increase percentages. The original proposal is for a 3% rate increase. A 5% rate increase would generate an additional \$85,000 in revenue. President Youngquist advised his concern is if we only raise this rate a small amount, it will result in another increase next year. The Trustees agreed to keep the increase at 3% for this year and re-evaluate next year. Director Searl advised the unrestricted balance at the end of 2022 was \$2.25 Million Dollars. The 2023 budget proposed use of \$87,000 with actual expenses costing \$131,000. The estimated year-end balance for 2023 is \$2.62 Million Dollars, and 2024 has a proposed budget use of \$49,000.

Water

Director Searl advised the rate increase last year became effective on February 15, 2023 so the quarterly bills in January and February did not include the new rate, however the total revenue increase was \$135,000. He added an estimate for the new high school at an additional 1 million gallons for approximately \$25,000 more in revenue, but they are otherwise not budgeting for much of an increase in water usage.

In payroll, there are no changes to staffing. The wage contingency is the same as last year at \$40,000 and the allocation for the GIS Technician changed with water increasing 15%, from 10% to 25%.

In expenses, the 02-10 Professional Services Account has an increase of \$57,095 for the new locating firm services. These costs are offset slightly as we will no longer need to do the lead and copper testing next year based on results of a recent study, which decreased costs by \$12,000. The 02-11 Computer License and Maintenance Account shows the carryover from the IT discussion which is water's allocation for software programs including Office 365, ClearGov, anti-virus, etc. The 02-23 Sewer/Water/Storm Account is for the purchased water from Menasha Utilities on the east side to supplement our wells. It is planned to purchase 129 million gallons which is consistent with the actual figures from the last two years. The 03-53 Equipment Maintenance Account shows a reduction based on the projects that are being completed this year as compared to last year. The 2023 project budgeted \$80,000 to repair and refurbish six water softener tanks and other equipment at Plant 3. The 2024 budget includes costs to modify the overflows at all three wells and towers for a cost of only \$20,000. The other projects budgeted for in 2023 were not completed and are being carried over to 2024, offset with fund balance. The 05-90 Other Fixed Charges Account is the PILOT (payment in lieu of taxes) paid from the water utility to the general fund which shows an increase of \$30,000 to match the increase in revenue. Director Searl advised we are continuing to budget no funding for depreciation in this utility.

Director Searl advised the PSC is requiring the Village to complete another full rate case next year partly because we had gone so long without completing one that the numbers could fluctuate significantly. The cost of a full rate case is quite expensive so the preference is to do simplified rate case, but that is not the Village's decision.

In Capital Reserve Projects there are some smaller items, similar to those seen in the wastewater account including: funding to refurbish the American Drive office area, GIS trimble, upgrading SCADA system software and computers, etc. Trustee Ziegler asked what improvements are being made at the American Drive office. Superintendent Tracy advised they will be updating carpet, paint, replacing wallpaper that is falling off, and other items the staff has been requesting for quite some time.

Director Searl noted there is \$125,000 in water meter replacements budgeted and \$60,000 in meter purchases for what may be needed in Town of Clayton. These costs are consistent with previous years. Trustee Koeppel asked for the progress on water main replacements. Superintendent Tracey advised they are replacing approximately 400-500 per year for a total of just under 10,000 meters in the Village utility system. He reminded the Board that years ago they approved the purchase of a large number of reduced price meters, so they were able to replace them quicker. However, once those were used, they had to purchase again but they were at a higher rate, so they were able to replace less per year. Recently, he was offered reduced price meters from another municipality that is looking to go to a new style. Some of these reduced price meters are used, but the oldest is only four years old. He is currently in negotiations with this municipality. Director Searl advised at this time 32% of our meters are on the new system, so there is 68% of the Village meters yet to be replaced.

At the end of 2022, the Village water account had an unrestricted fund balance of approximately \$2 Million Dollars. There was budgeted use this year, but it doesn't look like we will need to use the entirety of the funds budgeted. It is estimated we will end this year at \$2.3 Million Dollars in the unrestricted fund, and end 2024 at \$2.1 Million Dollars.

Final Discussions

Director Searl reminded the Board that we are currently at \$140 per ERU and the proposed budget is to increase this \$5 per ERU. The Board had previously asked for a comparison to other local municipalities. He advised if the Board increased this rate to \$150, our rate would still be second to Appleton (\$170/ERU), however it would be higher than every other municipality. He explained that each residence is equivalent to one ERU, however commercial businesses typically have more. There are many expenses coming up in the future including additional ponds, maintaining the ponds, debt, etc. The Board agreed to a \$10 per ERU increase to \$150 per ERU.

7. Adjourn

At 7:54 p.m., **MOTION:** Trustee Van Dyke, seconded by Trustee Koeppel to adjourn the special meeting. Motion carried via voice vote.

Respectfully submitted,

Darla M. Fink, Village Clerk

Note: *These minutes are not to be considered official until acted upon at an upcoming regular meeting, therefore, are subject to revision.*