

Village of Fox Crossing
Special Meeting of the Board of Trustees – Budget Workshop
Municipal Complex – Arden Tews Assembly Room
Monday, October 24, 2022 – 5:00 p.m. – 9:00 p.m.

Minutes

1. Call to Order

President Dale Youngquist called the workshop to order at 5:00 p.m. Clerk Darla Fink noted those present including: President Youngquist, Trustee Michael Van Dyke, Trustee Kris Koeppe, Trustee Gregory Ziegler, Trustee Mark Englebert, Trustee Barbara Hanson, Village Manager Jeffrey Sturgell, Director of Community Development George Dearborn, Finance Director Jeremy Searl, and Utility Superintendent David Tracey. Excused: Trustee Dale McNamee. There was one attendee.

2. Presentation of Departmental Budgets

Wastewater

Director Searl stated the proposed budget includes a 5% increase to wastewater rates starting at the beginning of the year. This increase will generate approximately \$200,000 in revenue. We also have the carry forward revenue due to raising rates in July 2022 which generated an increase in revenue of \$83,895. The primary reason for increasing rates this year is due to the debt service coverage ratio. There are no requested changes in payroll, other than increasing the summer part-time help by \$1.00/hour which is still in the normal pay range scale. There is a debt service increase of \$12,735, otherwise there is no new borrowing proposed for capital projects. This budget does include depreciation funding of \$100,455. There is a \$65,000 increase in the Operating Supplies Account, most of this increase is from the Wastewater Treatment Plant cost increases that are passed through to the Village. In the 0210 Professional Services Account, there is an increase of \$15,000, the majority of this increase is to pay for the Inflow and Infiltration Study on the west side of the Village. The 0218 Non-Operating Lateral Expense Account includes the Village's share of the cost for lateral repairs from the curb stop to the home. There is approximately \$36,500 included for upgrading the SCADA software and computer equipment in this budget. Similar to previous years, there is also \$40,000 budgeted for manhole rehabilitation.

Water

Director Searl pointed out the Capital Contribution Developer revenue account which includes \$1.86 Million Dollars for projects we are proposing to be funded by the Town of Clayton settlement funds. All revenue for water comes from metered sales which is the actual charge for service. The updated water rate file is back from the PSC and is in Village hands to review. The Village requested a 7% Rate of Return, which the PSC reduced to 6%, however this is considered a success as it is quite a challenge to get over 4% approved by the PSC. He noted this updated rate file does exclude all revenue previously associated with the Clearwater Plant property. The average overall increase is 21%, which will be slightly lower for single family properties, and slightly higher for multi-family properties. Director Searl stated the proposed budget assumes the increased rate will begin in February to give a little cushion in case approval is not ready for January 1st.

Director Searl stated the only change in payroll included in this budget is an additional seasonal employee for just under 600 hours at \$15/hour (total budgeted amount of \$9,672). Superintendent Tracey also wants to change the structure on the water plant operations side. This department currently has one water foreman and one wastewater foreman. He is now looking to separate the water foreman into two positions. The current Water Plant Foreman was previously the Water

Plant Operator which will now be left vacant until this position is needed in the future. There are five total water maintenance workers between the two foremen. The overall increase to the budget with this structure change is minimal.

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

MOTION: Trustee Van Dyke, seconded by Trustee Hanson to recess the meeting at 5:50 p.m. Motion carried.

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

The Board and staff reconvened at 6:35 p.m.

5. **Continue Presentation of Departmental Budgets**

Water (continued)

Director Searl stated the 0340 Operating Supplies Account includes an increase for the zeolite replacement at Plant 3, which needs to be done every 3-4 years. This is an expected expense every 3-4 years, and now that this has become a more regular occurrence, they will budget for the average cost going forward every year. This expense is fully funded through operations. The 0353 Equipment Maintenance Account includes some major work with the softeners and control systems related to them at the Plants (specifically, chemical feed equipment sensors and emergency shut-offs at Plants #2, #3, and #4). The 0394 Salt Account has a budgeted increase due to the price of salt increasing \$30/ton, however on a tonnage basis, we are down about 500 tons. There is an increase of \$30,000 for payment in lieu of taxes (PILOT). Debt service costs for this utility increased to \$64,272. There was an issuance of debt in 2021 that was not planned for due to the fiber optic project which was a general obligation note. In the 0801 Capital Reserve Account, there is a request to replace reservoir piping and valves at Plants #2 and #3 that are starting to age and deteriorate which is being funded out of fund balance. Superintendent Tracey is looking to purchase \$125,000 in new water meters for the Village from savings, and an additional \$60,000 for Town of Clayton properties per the Settlement Agreement similar to what was done this year. The Water System Study to review the full status of the system is budgeted at \$15,000 using fund balance. Director Searl stated there are no special requests for IT related items and no vehicles being requested or replaced in the ERF in 2023.

Superintendent Tracey wanted to discuss piping water across the lake with the Board and stated he has been working on this study. They are getting closer to getting some answers on this and stated a projected timetable would include discussing this project at budget time next year. He stated they will need to have an answer for Valley Road as to what size piping should be used for that project. This project will also need to be approved by the PSC due to us being the City of Menasha's biggest water customer.

Capital Projects for Utilities

Manager Sturgell ran through all of the upcoming projects included in this budget:

1. Brighton Beach Road Utilities Replacement for design and construction budgeted at \$1.35 Million Dollars from Water to be borrowed, \$367,500 in private lateral work (offset with special charges), \$52,500 in lateral program costs, and \$665,000 from sanitary sewer to be offset with Town of Clayton Settlement Funds.
2. Larsen Road and Rocket Way Utility Extension for design and construction from Michael Avenue to Clayton Avenue budgeted at \$1.014 Million Dollars from wastewater funded by the Town of Clayton, and \$711,000 from Town of Neenah resident assessments. Manager Sturgell

stated he is doubtful the Town of Neenah will be overly helpful with this so Clayton needs to agree to back up that bill if the Town of Neenah does not. There is also \$1.57 Million Dollars in water funded by the Town of Clayton. This project is heavily dependent on the Town of Clayton, so we are putting this in our budget in the hopes that Clayton agrees. Superintendent Tracey has already begun discussions with them on this. If Clayton does not approve, we will forego this project.

3. County Highway II Utility Extension for design and construction from Rocket Way to Clayton Road which is a similar situation to the Larsen Road/Rocket Way Utility Extension above. This project is budgeted at \$202,100 funded by the Town of Clayton for wastewater, \$355,000 in special assessments for wastewater, \$12,900 in operations for wastewater, \$230,300 from Town of Clayton for water, \$305,000 in special assessments for water, and \$14,700 in operations for water.
4. Butte des Morts Beach Road Utility Extension for design and construction from Stroebe Road to the treatment plant which is budgeted at \$36,000 in wastewater special assessments, \$54,000 in wastewater operations, \$535,000 in borrowing for water, and \$160,000 in water special assessments. This project would give a secondary link to Stroebe Island in case there is ever an issue with the only line going to the island at this time. When complete, they can then abandon the old water main crossing which would have had a significant cost to repair, and bring a few more customers on board with this new line.
5. Ninth Street Water Main Replacement for design and construction from Manitowoc Street to Appleton Road which is budgeted to use \$485,000 in borrowed funds. This project is considered an emergency replacement and needs to be done as soon as possible per Superintendent Tracey.

Special Revenue Funds and Miscellaneous Items

Director Searl stated in regard to all of the Tax Incremental Financing Districts, there are a lot of estimates as we have not received any of the apportionment information for the County, School Districts, or the Tech College. In total for all five TIFs, using these estimates, there is approximately \$2.1 Million Dollars in total increment we expect to generate which is then used to pay debt, capital costs, developer agreements, etc.

TID #1: Community First Credit Union and Fox Crossing Hotel Group (Cobblestone Hotel) – The capital projects that were planned in this area have been completed, and there are funds left which will be transferred and used to pay debt service costs. Director Searl stated this TID will be getting an audit in November.

TID #2: McMahon Business Park (WOW Logistics, OSMS, and Probation and Parole) - The capital projects that were planned in this area have been completed, and there are funds left which will be transferred and used to pay debt service costs.

TID #3: Secura Insurance - The capital projects that were planned in this area have been completed, and there are funds left which will be transferred and used to pay debt service costs.

TID #4: Vacant Land where Women’s Care of Wisconsin was going to be constructed. Due to the increase in land value, this TID is generating a bit of increment which is covering operating costs at this point.

TID #5: This TID is just being created at this time which calls for a development by Fox Crossing Creek Apartments. This year includes the startup costs to the State and advertising costs. The base value of this TID is \$650,000.

Before finalizing the budget, Manager Sturgell asked to speak to the Board about the wage scale policy. The Village's current policy is that the scale shifts with the Cost of Living increases from the State of Wisconsin. This year, the State index came out to a 7.1% increase to meet cost of living adjustments alone. We need to determine a way to keep employees in their pay scales as some of them are at the lower end of their scale which means we will have employees fall out of range. Therefore, we either need to do a 7% increase across the board or we need to manipulate that index. In order to do that, the Board would need to pass a resolution stating for this year only we will do 4% increase rather than a 7% wage adjustment to match the state Index. Overall, there is a \$120,000 difference between a 4% and a 7.1% wage increase for all non-represented employees.

The Board discussed the options of passing a one-time resolution to modify the pay plan for this year and increase all non-represented employees by 4%, increasing those employees that would fall out of range by 7.1%, issuing one-time bonuses which wouldn't be on the Levy, adding one more vacation day for each employee for one year, along with other options. Village Manager Sturgell and Village President Youngquist will discuss this in further detail once these exact figures are determined.

6. Adjourn

At 8:45 p.m., **MOTION:** Trustee Hanson, seconded by Trustee Englebort to adjourn the Special Meeting Budget Workshop. Motion carried.

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.