

**Village of Fox Crossing
Special Meeting of the Board of Trustees – Budget Workshop
Municipal Complex – Arden Tews Assembly Room
Monday, October 26, 2020 – Immediately following the Regular Village Board Meeting at 6:00 p.m.**

Minutes

1. Call to Order

President Dale Youngquist called the workshop to order at 6:45 p.m. Clerk Darla Fink noted those present in person including President Dale Youngquist, Trustee Kris Koeppe, Trustee Gregory Ziegler, Trustee Mark Englebert, and Trustee Dale McNamee. Trustee Michael Van Dyke and Trustee Barbara Hanson were present via teleconference.

Also present in person: Village Manager Jeffrey Sturgell, Director of Finance Myra Piergrossi, Director of Community Development George Dearborn, Chief of Police Tim Seaver, and Utility Superintendent David Tracey. There were two attendees.

2. Budget Workshop

Water

Finance Director Myra Piergrossi advised there has been an increase in water consumption and in the proposed budget included an expected increase in the revenue account due to increased consumption projected for 2021. The PSC required no charges for late fees from April through July due to COVID-19 so there will be a shortage in that account for this year. The proposed budget shows an increase in the Professional Services Account including the Impact Fee Study (\$5,000 offset with savings), Water Rate Study (\$8,000 offset with savings), and miscellaneous IT items including PEN Testing, Laserfiche Workflow, and Website Redesign. The Building Maintenance Account includes \$6,000 to convert the emergency exit doors per Fire Department requirements. The Salt Account shows an increase as we are now using a higher quality salt to increase efficiency along with the extended life of the zeolite which enables this account to remain roughly the same as the 2020 projected budget. The Maintenance of Pumping Equipment Account includes \$8,500 for replacing valves for softening, \$7,605 for replacing brine pumps at all three plants, Plant #4 pump and service line work, and Plant #4 ventilator replacement in the chlorine room. The Capital Account includes \$56,000 to replace a 1 Ton Extended Cab Chassis and Stainless Steel Box (offset with depreciation funds), Water Meters (\$185,000 offset with \$100,000 depreciation and \$60,000 due from the Town of Clayton), Water System Study (\$15,000 rollover from 2020), Meter Reading Tower and Equipment (\$24,000 rollover from 2020), and Water Main Replacements (\$2,206,000 using new and prior borrowing).

Utility Superintendent David Tracey advised they have been working on transitioning to the AMI Water Meters. When the meters were replaced approximately five years ago, they were not replaced with the current type of meters that can be read remotely. The encoder needs to be replaced on many of these previously replaced water meters, and the rest need to be fully replaced within the upcoming years. Once complete, all meters in the Village will be automatically read in the Finance Department, and we will no longer need to send a person out to physically read a meter in question. Water leaks will be able to be discovered quicker as well.

Wastewater

Director Piergrossi advised the proposed budget includes a \$50,000 special assessment revenue which is not typical. The WSAC fees increased by \$45,000 (from \$55,000 to \$100,000); this account has a current balance of approximately \$519,000. Sewer is seeing a decrease in

consumption which affects revenue. There is speculation this is from more people working from home and not from businesses due to COVID-19, but the decrease is only in the sewer account, not the water account. The concern is the decrease may not be due to COVID-19 and is something we may be seeing long term. There is a Treatment Plant Increase of \$123,318 due to improvements being done at Fox West. There is also an increase in Debt Service of \$254,463. This proposed budget includes no depreciation funding as there are no extra funds to put into this account.

There are some large projects coming up that have to be completed because of County and WI DOT schedules. Village Manager Sturgell explained we need to discuss increasing sewer rates by a minimum of 8% to be able to meet the current financial needs. Director Piergrossi recommended a higher number such as 10%, to make sure we're meeting debt coverage numbers. The proposed budget includes an 8% increase which would result in approximately \$32/year for the residents. A 10% increase would result in an increase of approximately \$40/year for the residents for a total of \$356,000 increase, however either way we will likely need to increase it again next year. A larger increase this year will mean a smaller increase next year. Also when going into 2022 budget time, the water rate study should be complete which may result in a water increase as well. After a lengthy discussion, the Board decided upon a 10% increase which will go into effect January 2021.

The Private Laterals Account has a total of \$227,505 (\$110,000 offset with savings) which is roughly 25% of total private lateral costs. The Capital Reserve Account includes: Meter Reading Tower and Equipment (\$40,000 offset with fund balance-rollover from 2020), Water Main Replacements excluding private lateral costs (\$2,206,000 using prior and new borrowing), Electric Service Extension Upgrades for three Lift Stations to match generator voltages (\$12,000 of which \$9,000 is being rolled over from 2020), replace floats with level transducer and replace PLC and reprogram SCADA at Stroebe Island Lift Station (\$10,000), raise concrete lift station vault and install safety gate and rail at Winchester Lift Station (\$10,000), and replacement of televising inspection equipment (\$75,000).

Utility Capital Projects

- **Stead Drive Sanitary Sewer Replacement** (2 ½ Binder installed in 2021, final layer in 2022) \$1,930,000 total cost, \$1,582,000 was borrowed for in 2020 and \$261,000 is in private laterals (resident special charge cost), final surface layer will be completed by the Street Department in 2022
- **Palisades Lane, Palisades Drive, Riverview Court, Omega Drive, Larkspur Drive, Sumac Lane, and Winwood Drive** (Water and Sewer Main Replacements) \$3,116,000 total sanitary sewer cost which includes \$140,505 in private laterals (resident special charge cost), \$2,076,000 total water costs, for a combined total of \$5,192,000 total water and sanitary sewer cost
- **Plant #4 Discharge Pipe Repair** \$50,000 water department cost

There was discussion on the upcoming projects for water and sewer in 2022 and 2023 for a plan on upcoming borrowing or use of Clayton Settlement Funds.

Budget Final Decisions

The Board discussed how they would like to use the Clayton Settlement Funds. The consensus is to move \$5,000,000 from the water department to sewer to pacify the PSC and to help the sewer department's finances as well as eliminate some future borrowing. It is possible these funds could be used up within two years. The Village has already used some of the settlement funds for recent land purchases as well.

Director Piergrossi went through the list of changes that have been approved in this and previous budget workshop sessions including: increasing sewer rates by 10%, increasing the ERF for the Ladder Truck for \$89,551, increasing the tax levy for debt service payments in the amount funded for the Ladder Truck, increasing TID #1 borrowing by \$44,000 for concrete panel replacements on W. American Drive, purchasing the excavator in 2020 which will remove the purchase from the 2021 budget, and rolling 2020 funds for the Home Avenue 2 ½ Binder Project to 2021.

Director Piergrossi went through further updates to the proposed budget including the updated numbers she received for: final assessed values including manufacturing properties which was slightly higher than expected with an increase of \$98,200 which will slightly decrease tax rates, updated actual borrowing figures for debt service decreasing by \$7,025, reduction on stormwater debt service by \$27,464, and a reduction on TID #2 debt service of \$27,852 which will result in a smaller transfer from the general fund for this TID. Director of Parks and Recreation Amanda Geiser requested the 2020 funds for the O’Hauser Park Site and Fence Work be rolled over to 2021 in the amount of \$18,500 (offset with fund balance for rollover) to finish this project.

In regard to the Garbage/Recycling Fund for cart purchases, it was previously discussed to move the \$75,000 which was budgeted in 2020 and add an additional \$50,000 budgeted for 2021 for a total of \$125,000 for cart purchases. It is uncertain that the full amount will be needed but need to make sure we have the funds to purchase these carts.

Based on current estimates, the tax mill rate for 2021 will be \$5.01.

5. **Adjourn**

At 9:10 p.m., **MOTION:** Trustee McNamee, seconded by Trustee Ziegler to adjourn the 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.*