

Proceedings of Committee of the Whole
w/Finance Committee

Thursday, Feb 09, 2006
6:00 p.m.

New Berlin City Hall
3805 S Casper Dr
Council Chambers

**5 Year Financial Plan
Workshop # 2**

Mayor Jack Chiovero called the meeting to order and asked for roll call: Alderman Hopkins, Gallagher, Harena, Hegeman, Moore and Ament. Excused: Alderman Augustine.

Also present: City Attorney Mark Blum, City Clerk Marilyn Gauger, Planning Services Manager Nikki Jones, Inspection Services Manager Bob Sigrist, Director of Finance and IT Mike Holzinger, Police Chief Gary Blunt, Frank Zsohar, Director of Parks, Recreation and Forestry Mark Schroeder, Director of Streets and Utilities Ray Grzys, City Assessor Paul Koller, City Librarian Katie Schulz, City Engineer JP Walker, Division Engineer Ron Schildt, Division Engineer Eric Nitschke and Director of Emergency Government Scott Schulpus. Excused: Bob Schulpus, Greg Kessler and Tami Potkay. Absent: Fire Chief Dobernig.

Financial Advisor Greg Johnson from Ehlers & Associates gave an overview via power point of Workshop #1.

Mike Harrigan, Executive Director presented 4 scenarios for the City to get to the 2% levy cap number for 2007:

- First is 2% increase across the Board which still gives us a 6.34% levy increase.
- Second is without Roadway Maintenance being a part of operating. This would go to the debt side and frees up a million dollars. Also not using \$2.9 million for Fire, instead using \$2.3 million which still resulted in a 7.33% levy increase for 2007 as projected.
- Third is leave \$1 million in for Roadway Maintenance and use fund balance of \$400,000 and 2007 as projected which results in a 14.88% levy increase.
- Fourth is 2007 as projected and if increase of line item is under left as is and over 2% then it is capped at 2% without roadway maintenance gets us to .55% levy increase.

Mr. Harrigan indicated two legislators put forth a new TABOR proposal. Instead of a levy limit like we have now, it would be a revenue cap, which is more constraining. It limits the levy and all other forms of revenue-raising capabilities. For this proposal to become law it will take a minimum of 2 years including implementation. This proposal could be on November 2007 ballot for voters. Whatever the City does over the next 2 years, if this becomes law that would become our new base. He indicated the City may want to make decisions prior to the new law, if implemented. There is \$47 million in capital outlay from 2006 to 2011. Council will need to make a decision now that will affect 2008 and forward.

Sewer capacity was discussed briefly regarding future expansion.

Mr. Harrigan indicated there are different ways to plan and pay for debt. He gave the following 3 scenarios of 10 years. First is level debt service paid like home mortgage – paid the same amount in principal and interest, this is what the City does now. Second is level principal amount paid paying less interest expense and third is level tax rate, increasing debt service payments to

match the increase in tax base.

He reviewed the city's existing outstanding debt which is 91 cents per \$1,000 (city's share). Also discussed were 3 options for capital financing: 1) 20 year finance; 2) 10 year as current; and 3) same as option 2 with including the \$1 million for road maintenance using a short term note.

The City can not issue more debt than 5% of equalized value. Our maximum should be from 2% to 2.5%. If we add the \$47 million projected from 2006 to 2011 we are about at 1.09%.

Mr. Harrigan indicated Council needs to think about:

1. Limiting tax rate for debt – at 91cents today
2. Fund balance – \$900,000 used for this years budget
3. Roadway maintenance payments - what level can afford to fund
4. Other revenue sources – if TABOR becomes law this option is gone
5. Fire department direction – can vary from 2% levy limit or TABOR with referendum
6. Direction given by the City-wide survey.

The City's state aids would be taken away if we do not stay within the 2% cap, whatever amount we go over that is what is taken away. We currently receive \$2.5 million in state aids and that amount is decreasing every year.

Next meeting is Tuesday, March 21, 2006 at 6 PM with a roundtable format.

Adjourn

Motion by Alderman Ament to adjourn at 7:30 PM. Seconded by Alderman Hopkins and carried unanimously.

Respectfully submitted

Marilyn Gauger
City Clerk