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VILLAGE OF WEBSTER

BUDGET WORKSHOP MEETING MINUTES

Wednesday– November 2, 2022 @ 4:00 p.m.

Webster Community Center
7421 Main Street West, Webster, WI

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- I. **CALL TO ORDER** – Village President, Jeff Roberts called the meeting to order at 4:00 p.m.
 - II. **PRESENT** – Village President, Jeff Roberts; Trustees, Ed Dedman; Kelsey Gustafson; Tim Maloney; Aaron Sears; Bill Summer and Charlie Weis. Others: Auditor, Jonathan Sherwood – CliftonLarsonAllen; Public Works Director, Jay Heyer; Police Chief, Stephenie Wedin; Clerk-Treasurer, Debra Doriott-Kuhnly and Resident, Russ Burford. Absent: None.
 - III. **PUBLIC NOTICE OF AGENDA** – Motion to approve the agenda as presented made by Trustee, Dedman; seconded by Trustee, Sears. **Motion carried 7-0.**
 - IV. **VISITOR RECOGNITION** – Village President, Roberts gave the floor to Russ Burford. Russ said he has questions about the last agenda item: Fox Advancement Project Funding. His first questions were how far the board was along with the study of what the building needs in terms of the obligations the village will take on, how will the insurance be dividing up, who is responsible for negotiations with any tenants, and what will the charge be for tenants. He asked if any of those discussions have taken place. Trustee, Weis said he and Trustee, Summer have talked to Rick Roeser with NW Regional Planning. They monitor that stuff and take over the landlordship of it. Cost of electricity, wear and tear and repairs to the building are negotiated with the occupants. The Village will try to keep them to a 5-year limit for lease (incubator). Russ asked what if there are no occupants. Weis said the Village will incur the costs. Trustee, Maloney expressed he thinks Russ' question is how informed is the board? Russ said exactly and to potentially have a motion to vote on funding to go ahead and he heard at the last Board meeting; the County is not going to participate (in funding). Trustee, Summer said that is a misquote. Summer said the County has not said they will not participate; it is a possibility, can not rule it out. Russ questioned that the vote would take place without know that. Summer said everything is a chance. Trustee, Weis said that with talking to Dick Hartmann, with Burnett County Economic Development, Grantsburg has an incubator building and has spawned off 2-3 businesses out of the that building. Weis said the goal is to get the ideal occupant to take on the rental space. Their rent to the village would go to offset the expenses, including insurance. Weis reiterated that they are working with Burnett County Economic Development with potential occupants. Russ asked the size. Weis said around 15,000 feet. Weis said not looking for retail or service industry but light manufacturer, injection molding, etc. Some space could be used for State Training and the State would pay rent. Summer spoke of the RISE grant and this covers industries that would not be included as well as operational guidelines and timelines. The RISE grant is 80/20. Russ asked if the Village would borrow the 20%. Summer said the infrastructure and land value would be used as collateral. Weis clarified 10-20%. Weis pointed out the Village has the Industrial Park that is about 9 ½ acres that has been sitting there for 15-20 years and need turnkey for businesses now days. Russ asked about the wetlands. Weis said there is plenty of room for this building. Russ thanked the board for their time in answering his questions.

V. **2023 BUDGET DISCUSSION** - Village President, Roberts gave the floor to Auditor, Jonathan Sherwood. Jonathan reminded the Board that there are two limiting factors that go into setting the Village Levy. The 1st is the DOR Expenditure Restraint Program the encourages Village's to maintain and control their expenses from one year to the next. There are a series of factors between the Consumer Price Index and any Net New Construction or growth. This is not the limiting factor for 2023. Due to inflation, the total amount that the budget can increase is 8.5% over last year. The Levy Limit Worksheet will be the restricting factor on how the Village is able to increase the Levy. He reviewed the Municipal Levy Limit Worksheet with the board. He directed the board to look at line 6 - Net New Construction. This is a positive thing and advised to take advantage of the 1.284% to bump up the levy. Less the adjustment of \$6,527.78 for personal property aid (this amount is now reflected as a revenue line item as State Aid so not losing out on this money), resulting in Allowable Levy of \$394,420 for 2023. Another common adjustment is for any new general obligation debt. The levy will increase by approximately 8% and on a \$100,000 assessment, the levy would increase by approximately \$117.00. At this point in the budget, the Property Tax Levy will be \$430,365 (Village General Fund).

The board then reviewed the budgeted Revenue accounts. Jonathan pointed out the State Aids have already been updated based on information received from DOR and DOT. State Share of Taxes increases, slightly, but the transportation aids were reduced by about \$2000. Although never part of the budget, the money received from ARPA the past 2 years is not reflected in 2023. Total Revenues are \$758,152. RV Dump Donations will increase to \$3,500 and Community Center Rental Fees will increase to \$8,000. Discussion took place that the 2022 YTD Police Liaison Reimbursement is much lower than budget due to lack of PD staffing. But 2023 budget will remain same as 2022 budget. Total Revenue are now budgeted at \$764,151.

Next, the expenditures were discussed.

General Government Expenses:

Most of this matches the 2022 budget with increases due to wage and benefits. Trustee, Dedman questioned the budget for Property/Liability Insurance based on the 2022 YE estimate. Kuhnly stated part of this is due to timing of the installments made in 2022 for 2021 and there was an increase due to assessed value corrections and something (property) that had not been accounted for. Yet, this line item was increased to \$28,500. Dedman also brought up Elections expenses increase. Kuhnly reported that starting in 2022, there was a payment for the new voting machine and will have again in 2023. Trustee, Weis asked about the low amount in office supplies YTD. Kuhnly pointed out that there are sub accounts that are recorded separately (telephone expenses, postage, other office related expenses, etc.) but at year end they roll into the office supplies line. Trustee, Gustafson questioned the description of account 100-00-51600 as it says Office Building/Telephone. Kuhnly said that is an old description and Telephone should no longer be included.

Public Safety Expenses:

Jonathon said the primary reason for the increase in budget is payroll related: The Chief's wages and 2 Full-Time Officers. Dedman confirmed that the wages are based on their current rate and does not account for any increase for 2023. The estimated budgeted insurance increase is 7%. The new contract amount for Ambulance was budgeted. The Police Administration expense was reduced to \$9,000. (This amount is billed from the Village of Siren at the rate of \$19.36/hour.)

Public Works:

Heyer asked if a wage increase is reflected for Leif Thompson. Jonathan said he and Kuhnly discussed this, but the amount of increase was unknown, so it is not shown. Discussion took place on his current wage and hours he works. The amount of his wage increase will be discussed at the upcoming Personnel Committee Meeting. Regarding the Street Repair line item, Jonathan pointed out that actual YTD expenditures are over budget and directed the Board to go to page 8: Street Construction Replacement Fund and see the balance of \$25,266. He and Heyer spoke earlier in the day about the Street Construction Replacement Fund and the Street Repair expenses of \$46,438. And there is still an outstanding bill for approximately \$5,500 for crack filling. The question is, does the Village take the \$25,266 from the Street Construction Replacement Fund; resulting in 0 dollars in that Fund, and nothing for the 2023 budget, or show a budget overage in Street Repairs in the General Fund. Kuhnly brought up that last year, the Village set aside money to pay Fahrner who could not get to the work in 2021 and the work was completed in 2022 and this is why, in part, Street Repairs is over budget. Jonathan said in his experience, new street construction work is generally funded by a CDBG grant with water and sewer projects, with additional borrowing. Trustee and Street Chairman, Gustafson said to take the money out of the Street Construction Replacement Fund to cover the expenses in the General Fund Street Repair. Jonathan said the Village of Webster is not alone with the street repairs/street construction funding challenges; many municipalities are facing the same situation.

Health and Social Services:

Budget is set the same as last year.

Culture, Recreation, Education:

Jonathan commented that this department is historically over budget and recommends being mindful of what the budget is vs what actual expenses are. Events/Celebration are over budget due to Fireworks, but donations offset the expense. Fairgrounds is over budget because of new lights and poles. Trustee, Gustafson asked where the overage for Fairgrounds expenses come from. Jonathan answered by other areas that were under budget. Roberts did report that the Pickle Ball Group/Association would like 4 new pickle ball courts built. The group will fund raise but have asked what the Village can contribute. Future discussions will take place on this. Trustee and Public Property Chairman, Maloney asked if the Board wants to continue donating \$5,200 to the Fair Board since the Village spent about \$11,000 on new lights. Summer suggested that we first review the Fair Board's annual report of revenue and expenses. Weis said the Lions also make financial donations. The Board said the Fair Board does a very good job and have turned their financial situation around nicely.

Conservation & Development:

Budget is set the same as last year.

Debt Service:

This line item has been updated to the amount of \$31,165 in principle and interest payments for the 2023 payments. Jonathan spoke of how the debit service impacts the Levy Limit Worksheet and the advantages of debt service payments. The Library share has been removed as they have paid off their debt.

Contribution to the **Library Fund** will remain at \$42,147. Kuhnly asked about the funding the Village gives to the Library. Jonathan said there is State mandate but does not say how much. Jonathan wanted the Board to know that the transfer to the Library Fund was not done in 2021 nor 2019. But will be properly reflected in the 2021 numbers (in the amount of \$84,294) on the financial reports.

Total Proposed Expenditures for 2023 Budget are as follows:

- General Government - \$161,809
- Public Safety - \$338,753
- Public Works - \$142,230
- Health and Human Services - \$3,300
- Library Levy - \$42,147
- Culture, Recreation and Education - \$42,477
- Conservation and Development - \$2,270
- Debt Service - \$31,165

Total 2023 Expenditures - \$764,151 for a 6.97% change from 2022.

Total Proposed Revenues for 2023 Budget are as follows:

- General Property Taxes - \$430,264
- Other Taxes - \$16,000
- Intergovernmental - \$254,512
- Licenses and Permits - \$7,535
- Fines and Forfeitures - \$12,000
- Public Charges for Services - \$3,630
- Intergovernmental Charges for Service - \$12,600
- Miscellaneous - \$27,610
- Transfers from Water Utility - \$0

Total 2023 Revenues - \$764,151 for a 6.97% change from 2022.

Capital Replacement Fund:

As discussed earlier, there will not be any money to levy into the Capital Replacement Fund for 2023. The Village spent down approximately \$14,000 in 2022. The Capital Replacement Fund balance will be allocated \$0 additional dollars for 2023.

Listed below is the 2023 Capital Replacement Fund earmarked by the board:

- Squad Car - \$6,000
- Computer (PD & Clerk/Treasurer) - \$2,139
- Property Razing - \$10,000
- Police Vest - \$3,000
- Public Works Equipment - \$6,000

- Pedestrian Signs - \$4,000
- Sidewalks - \$12,240

The allocated dollars for 2023 Capital Replacement Fund are \$43,379. There is \$0 in unallocated funds.

Street Construction Fund (Capital Projects Fund):

The Street Construction Fund ending balance will be \$0 for 2022, after the transfer to General Fund Street Repair. There is \$0 new allocated dollars for 2023.

The new General Fund Tax Levy will be \$430,264. The total Property Tax Levy will be \$430,264 (*general fund \$430,264 + \$0 capital replacement fund + \$0 street construction fund*).

Jonathon went over the estimated Village Tax Rate Calculations; property tax levy, equalized value, estimated mill rates and estimated Village Tax on \$75,000 and \$100,000 Assessments. Jonathan said the Village is looking at 2023 property tax levy increase of about 8.25% (this would then increase the assessed mill rate to 8.25%) compared to 1.45% for 2022.

VI. FOX ADVANCEMENT PROJECT FUNDING FOR RISE GRANT – Trustee, Weis explained the Fox Advancement project funding for the RISE Grant: The village would pay a total of \$8,000 for the Concept Paper, if approved tonight, the contract would be signed, and the Village has 15 days to pay the 1st \$4,000 and he feels confident that it would be completed yet this year. The Concept Paper is step 1 of the RISE Grant. In 2023, \$26,250 would be due for the remaining Grant Funding writing, paperwork, and administration of the grant, payable in 2 installments. Part of Kuhnly’s salary can come from the Grant. The grant total would be between \$1/2 million and \$2 million. Trustee, Summer asked to clarify the conversation that took place during the last board meeting. Burnett County Administrator told Summer if the (County) money is available, the Village will get money, but he couldn’t give Summer a definitive answer. Summer just wanted the board to know the Village might not get any money from the County. Weis confirmed and suggests that the board make a decision based on the Village paying and if get money from the County that would be great. On the positive side, if the Village pays 100%; they will have 100% control over the project. Weis said that Russ Burford brought up some points & questions; yes, there will be covenants on length of use, type of use, etc. Northwest Regional Planning will probably be the long-term administer of the project. Weis and Summer said the Village will have a lot of experience and guidance with Northwest Regional Planning. Maloney asked how Weis and Summer chose Fox Advancement and said \$34,000 seems like a lot of money. Weis said Dick Hartmann recommended them. Summer said Itasca County used Fox and obtained a large grant. Maloney asked why Northwest Regional Planning doesn’t build/fund the spec building. Roberts asked the plan for if Village doesn’t get enough funding from the Grant and the building will cost more than grant funding. Summer said he took oath, as Village Trustee, to do the right thing for the Village. Losing the \$26,000 (if the Village doesn’t get the grant money) is not the right thing to do but if the Village gets the grant; it is huge. Maloney said at ½ of cost (County paying the other ½), the Village can take the chance but doesn’t feel comfortable at the full cost. Sears brought up the money that the Village invested for Smith Pines and waited for years until lots were sold. The Board continued discussion with risks on any project. Weis was told by Fox that the RISE grant will pave the way for Economic Development Agency (EDA) money; you can’t match federal grants with other federal grants but there are other grants that can piggyback. Roberts said the bottom line is how is the Village going to pay for it (funding for Fox Advancement). He said the project is a great idea, but

the Village would probably have to borrow for it. Dedman asked the Board to think about perception. Just talked about 8.5% property tax increase, that probably won't go over well, and then if the Village goes out and borrow \$34,000. Summer agreed. Weis said there isn't anything saying the Village has to go after this (project) this year. There are other programs but not as nice/top dollars as this RISE grant. Summer interjected that also not sure if the RISE grant will be available in 2023. Dedman said he would go on record saying he fully supports the project, but his question is the timing. Summer said but we also got Industry and the need for this type of project. Gustafson brought up options, for industries, that were brought up earlier. Motion made by Trustee, Summer; seconded by Trustee, Weis to approve funding for Fox Advancement to complete RISE Grant concept paper and grant writing. Trustee, Gustafson asked if everyone on the Board feels fully informed. Trustee, Maloney stated this was a question and Russ Burford asked good questions. Trustee, Summer said the Village Board will be the controlling factor and there are very few limitations. Dedman confirmed, with Trustee, Weis, that there are other options for funding available and would not give up on this project. Weis said that for RISE grant, the Village is on time deadline. Discussion ensued on the cost of funding for this concept paper and grant writing. A roll call vote taken, and results are as follows: Trustee, Summer Yay; Trustee, Weis Yay; Trustee, Gustafson Yay; Trustee, Maloney Nay; Trustee, Dedman Nay, Trustee, Sears Nay; President, Roberts Nay. 3 Yay-4 Nay. **Motion denied 3-4.**

VII. ADJOURNMENT. Motion was made by Trustee, Dedman to adjourn the Budget Workshop Meeting at 6:45 p.m., seconded by Trustee, Gustafson. **Motion carried 7-0.**

Respectfully submitted,

Debra Doriott-Kuhnly

Debra Doriott-Kuhnly, Clerk-Treasurer

November 2, 2022

***These minutes are subject to approval at next month's Regular Meeting.