Finance/Personnel Committee

335 South Broadway
De Pere, WI 54115
https://www.deperewi.gov/

Regular Meeting

Minutes

Tuesday, July 12, 2022 | **7:30 PM** | **Council Chambers and Virtual**

1. Call to Order. Mayor Boyd called the regular meeting of the Finance/Personnel Committee to order at 7:30 PM.

Attendee Name	Title	Status	Arrived
Devin Perock	Alderperson	Present	
Pamela Gantz	Alderperson	Present	
James Boyd	Mayor	Present	
Amy Chandik Kundinger	Alderperson	Present	
John Quigley	Alderperson	Present	

Also Present: City Administrator Lawrence Delo, City Attorney Kristen Johnson, Justin Fischer of RW Baird, Scott Sternhagen and Dan Fochs of CliftonLarsonAllen (CLA), Fire Chief Al Matzke and Development Services Director Daniel Lindstrom.

2. Approval of the Minutes of the June 14, 2022, Regular Meeting of the Finance/Personnel Committee.

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	John Quigley, Alderperson
SECONDER:	James Boyd, Mayor
AYES:	Perock, Gantz, Boyd, Kundinger, Quigley

3. Public comment upon matters not on the agenda. Comments made during the public comment period shall pertain only to matters under the jurisdiction of the Finance/Personnel Committee. §6-3(f) DPMC

   None.

4. Fire Department Overtime and LifeQuest Services Billing Reports for June, 2022.

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	James Boyd, Mayor
SECONDER:	Devin Perock, Alderperson
AYES:	Perock, Gantz, Boyd, Kundinger, Quigley

5. Consideration and Possible Action on Fire Department's Request for Additional Funding in the amount of $5,217.38 from Unassigned Reserves for Lexipol Master Service Agreement (Annual Fire Policy Manual and Daily Training Bulletin Subscription).*

   In response to the Mayor's request for a brief overview, Chief Matzke advised the Committee that this is a cloud-based system for creation of department policies and overall updates as trends change to keep the department policy manual current. The cloud-based system is accessible from a computer or hand-held device, which will provide notifications of updates, as well as track staff acknowledgment. This item has been a request of the department in the budget process since Chief Matzke took over; however, systems are expensive and all the base work for developing Standard Operating Guidelines was not yet completed. Although approval was given for a digital performance support (DPS) cloud-based management system, that only operates like a file cabinet and does not address the compliance issues of the department.

Lexipol is a nationwide provider and has human resource individuals and attorneys on staff to review policies, which can be vetted in statutes and federal law to provide employees with the best opportunity to be successful. Staff could be quizzed on a variety of policies occasionally during shifts to ensure the following of best practices. Both Green Bay and Ashwaubenon use Lexipol already.

Mayor Boyd indicated that this sounds very beneficial and that the Chief provided a good explanation. Alderperson Chandik Kundinger asked for information on the timing of the request being made now versus during the annual budget, to which the Chief indicated that the majority of funds are already approved for 2022, and the leg work has now been done for creation, so the work product is current and fresh. It takes time to get the system up and running, so it would be beneficial to do it before the end of year. Administrator Delo added that through the budget process funds become available on January 1. This request is in line with undesignated reserves and the auditors will present later this meeting that the City is over the 35% threshold amount, so there is availability. Mayor Boyd indicated the City is in a very good place financially. In response to Alderperson Gantz, Chief Matzke advised that no platform is being used now. In response to Alderperson Quigley's question on the tiered implementation as shown in the agenda packet, Chief Matzke confirmed that going forward this item would be budgeted.

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Amy Chandik Kundinger, Alderperson
SECONDER:	Pamela Gantz, Alderperson
AYES:	Perock, Gantz, Boyd, Kundinger, Quigley

6. Fire Department's request to apply and accept grant from Northeast Wisconsin Healthcare Emergency Readiness Coalition (HERC), Region 3.*

Chief Matzke explained that the department has taken an interest in providing training for police, fire and county-wide partners for standardized active shooter training, now known as "integrated threats." This allows responders to stay proficient during staff turnover. This grant is for a county-wide exercise this September at Bay Beach for 13 or 16 days, repeated each day. De Pere Fire Rescue would staff two trainers for each day, and grant funds will allow the purchase of additional needed equipment, provide supplies to share with police and reimburse city employees to train on those days.

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	James Boyd, Mayor
SECONDER:	Pamela Gantz, Alderperson
AYES:	Perock, Gantz, Boyd, Kundinger, Quigley

7. Consideration and Possible Action on the June 2022 Police Overtime Report.

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	James Boyd, Mayor
SECONDER:	John Quigley, Alderperson
AYES:	Perock, Gantz, Boyd, Kundinger, Quigley

8. Consideration and Possible Action to Accept $4,200 grant from the Brown County Crime Prevention Funding Board.*

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	James Boyd, Mayor
SECONDER:	Pamela Gantz, Alderperson
AYES:	Perock, Gantz, Boyd, Kundinger, Quigley

9. Staff Presentation Regarding the 2021 Annual Tax Increment District (TID) Summaries in the City of De Pere.

Item 9 was heard at 8:32 PM (following Items 10 and 11).

Development Services Director Lindstrom prepared this presentation as part of his annual reporting to the State (deadline of July 1) and to provide the Committee with an understanding of the health of Tax Increment Districts (TIDs). He provided overall information for each TID with slide a presentation. He is not going to review each one in detail. Due to having two separate Joint Review Boards, the TIDs are separated by east and west.

West side

TID 6 was terminated last year, as part of an affordable housing extension, overlapped by TIDs 11 and 12, and has not had much growth. There was an overall increase of approximately $1.3 million, with $300,000 being the City's portion. This will be the last year of reporting for this TID.

TID 8 is a mixed use TID primarily near the Humana Campus, recently overlapped by TID 15; there is not a lot of growth as it contains a former ball field and open green spaces. It was discovered that last year's report contained a large growth error of $12 million, which was corrected this year; 2023 should see increase in valuation. Projected future borrowing anticipated is for expenditures for the southern bridge. $50,000 is anticipated as the City's portion upon closure.

TID 9 was overlayed by TID 5 as a rehabilitation/conservation TID for redevelopment of downtown; construction of Cobblestone Hotel will increase overall increment value; TID 9 is anticipating a slower value appreciation than residential areas. TID 9 is projected to end with a surplus, but will require an extension of 3 years. End of life projections suggest a $54,000 increase for the City.

TID 11 is a mixed use TID (former overlay to TID 6), with a boundary amendment last year; growth appreciation resulted from Tailwaggers and Honeysuckle Acres 4th Addition; relying on business park growth for future projections. Anticipating $36 million of increment, with approximately $80,000 of surplus toward the end of the life of the TID. Planning is in place for additional expenditures for the southern bridge and developer incentives for projects moving forward.

TID 12 is in a positive state. It is a mixed-use TID including Georgia Pacific, Green Bay Packaging expansion, Infinity Machine, Waterview Heights and Garrity's Glen South subdivision; large growth overall and more is expected into the future as projects come into full assessment; anticipating some large borrowings from TID 12 for the southern bridge project and the current extension of American Boulevard. Overall a $2 million increase is expected, with the City's portion being $350,000.

TID 13 is a mixed use TID on Main Avenue on the west side, targeting the roundabout construction; it is built out already, so increment growth is for redevelopment potential. Projections expect the TID to end with a positive balance, refined as projects end down the line.

TID 15 is set for a project plan amendment at the next Council meeting, which is an overlay to TID 8 for the United Health Group project; it has sites available for development. UHG is expected to be fully-assessed this year; between UHG and The Preserve project, this TID should serve for surplus donation to the downtown and for large borrowing capacity available for the southern bridge.

DSD Lindstrom did encourage the Committee to read the information in the agenda packet for more detailed information on the TIDs and explained the reasoning that the east side TIDs are not performing as well as the west side TIDs.

East side

TID 7 is rehabilitation/conservation TID for downtown; experienced a loss of Front Street value and removal of the Mulva Center, as well as some prior corrections in reporting; projecting some projects to move forward, but still projected to have a $2 million loss, even with a three-year extension (two extensions available) and may also need to rely on surplus donations from business park TIDs. Although the City has until 2039 to firm up a plan, it will be watched closely.

TID 10 is a large business park TID near Commerce Drive, recently overlayed by TID 17; loss of value last year through an assessment by the State, but had a growth value this year; TID is projected to end with $1.7 million deficit. This TID will also need to be watched closely over the next several years.

TID14 is a single TID for Irwin School, a blight TID; developer has yet to initiate Phases II and III of that project. Project is challenging due to smaller units than the market was demanding; city isn't on the hook for any development that hasn't happened. Project can happen over the next few years.

TID 16 was a single TID for 123 North Broadway; project intended for this area has since gone away and the City is evaluating the use of the parking lot. There are very little expenditures and staff recommends closure and to re-incorporate into another TID or create a new one for future development. Since it is unlikely that the proposed development will occur, termination is recommended and to move forward with a fresh TID if necessary.

TID 17 is an overlay to TID 10 primarily around Belmark Plant 7 and other sites adjacent; anticipating a new project to be proposed at next month's F/P meeting; this TID is in a healthy state.

In response to Alderperson Chandik Kundinger, DSD Lindstrom explained that TID 10 experienced a loss of value that was determined by the state in the amount of $3 million.

It slightly increased this year, but this is an aging business park, which was a significant hit to TID 10. Administrator Delo clarified that this was not a dollar loss, it was in value of buildings that taxes are applied to. The state, for the last 10 years, has been consistently decreasing manufacturing property taxes; shifting to residential homes, resulting in a decrease of assessed value. DSD Lindstrom added that the TID increment was over $10 million two years ago; this lost valuation was a surprise and unique to TID 10. CA Delo confirmed this decrease in manufacturing value is happening statewide.

Mayor Boyd made a Motion to receive this report and place on file; seconded by Alderperson Gantz.

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	James Boyd, Mayor
SECONDER:	Pamela Gantz, Alderperson
AYES:	Perock, Gantz, Boyd, Kundinger, Quigley

10. Approval of Initial Resolutions for 2022 Borrowing.*

At 7:44 P.M., Mayor Boyd advised that Items 10 and 11 would be moving before Item 9.

Finance Director-Treasurer Zegers introduced Justin Fischer of Baird who is in the third year of handling the City's bonding. Two resolutions are being considered, one non-taxable for $10,120,000 and one taxable for $895,000, which relates to Tax Increment Financing District 9 and all items shaded on the spreadsheet in the agenda packet are for the $10 million resolution.

Justin Fischer provided a brief municipal interest rate update, a summary of the two borrowing plans, the timeline and some details of the numbers for the plan of finance. Page 2 of the presentation packet is an interest rate graph showing rates at historic lows; during this time the City took advantage of refinancing over the last two years; the market is very volatile currently and it was decided to move up the timeline to get into the market sooner before continued inflation and other unknowns. Page 3 is the borrowing summary: $10,120,00 (tax exempt) capitalized interest on TID 9 and 17; 10-year financing is viewed favorably; 3.96 percent is a conservative interest rate; $895,000 (taxable) is for TID 9 development rebate, with 4.52% estimated interest rate.

Mr. Fischer next reviewed the plan of finance timeline, which also includes the bond rating process for City's credit rating.

He then highlighted numbers from the remaining pages of the presentation. Existing Debt Service is shown on page 4; tax exempt borrowing on page 5 for the $10,120,000 borrowing; TID 9 taxable project borrowing is on page 6, and page 7 summarizes all debt payments. Page 8 is a visual which shows that the City's borrowing capacity is 5% of equalized valuation; City has a large amount of borrowing capacity; taking into consideration the existing bonds, plus this borrowing, the City has $77 million in remaining debt capacity. There are increases shown going forward as the City pays down debt. At the end of 2022, the City has 60% remaining capacity. In response to Mayor Boyd, Mr. Fischer indicated that the City has a borrowing capacity average hovering around 60% for the last 10-15 years.

Alderperson Chandik Kundinger indicated that she is very proud and not many realize what a good financial position the City is in. The Mayor added that the City is well-managed and thanked Mr. Fisher for the information.

In response to Mayor Boyd, Finance Director-Treasurer Zegers advised that the Committee is requested to approve the two initial borrowing resolutions. A final review will be done with departments to tighten numbers, if needed before the final resolutions come before council in about a month. Administrator Delo clarified that the initial resolution is the maximum amount of borrowing, the final resolutions can be small, not larger.

Mayor Boyd made a Motion to approve the initial resolution authorizing the 2022A General Obligation promissory note (he inadvertently indicated Letter B but was referring to A.); seconded by Alderperson Chandik Kundinger. Motion approved by unanimous vote.

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	James Boyd, Mayor
SECONDER:	Amy Chandik Kundinger, Alderperson
AYES:	Perock, Gantz, Boyd, Kundinger, Quigley

Mayor Boyd then made a Motion to approve the initial resolution for 2022B General Obligation taxable note; seconded by Alderperson Quigley. Motion approved by unanimous vote.

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	James Boyd, Mayor
SECONDER:	John Quigley, Alderperson
AYES:	Perock, Gantz, Boyd, Kundinger, Quigley

11. Presentation and approval of the preliminary 2021 Management Letter and Financial Statements.*

Item 11 followed Item 10 (also addressed prior to Item 9).

Scott Sternhagen and Dan Fochs of CliftonLarsonAllen LLP (CLA) presented the 20-page Executive Summary of the 2021 Audit, which is a summary of the full report. The summary was formally issued this afternoon, which is the earliest it has been completed, and it is no longer in draft status. The Audit Opinion indicates that a clean audit report is issued as of today. The two findings mentioned under Internal Controls as deficiencies are that CLA prepared the audit (which is normal for a City of this size) and the material adjusting of entries. There were no Compliance Findings and separate observations and recommendations were made for improvements in the Health Department, although nothing significant was found.

The Formal Required Communications are next in the summary: page 3 indicates that no difficulties were encountered in performing audit, it was done sooner this year versus other years and no disagreements with management occurred; page 4 touched on the audit findings and contains nothing new from previous reports; Internal Control Findings follow.

The financial report begins on page 8 - City Governmental Fund balances. The General Fund balance is at $10.4 million (up $2.5 million from 2020), with Unassigned funds just over $7 million, with advances made to other funds- Water Utility and Pool Capital Project funds. The General Fund in total is in strong financial shape; 35% of expenditures is $9.7 million and the City is at $10.4 million; CLA will complete this calculation and update before next Tuesday's council meeting, but expect the City to be right around 35%, well above the minimum of 25%. An overview was then provided of the other funds; it was mentioned that the Micro-loans are currently in a deficit but will rebound monthly as funds are recovered. The deficit for the pool will go down now that construction is complete, although it is also funding operations as it goes. The General fund can borrow to a fund that is in deficit and the TIDs can borrow from each other as time goes on. TID #5 is now closed, and it was encouraged that the Committee read page 9 on the general fund and TID funds for additional information. The self-insurance fund for health had risen above recommended benchmarks the last two years, and in 2021, it was offset by the use of some of those funds, with a planned loss to maintain the fund's net position; it is in a good position with $2 million available for 150% of health claims.

The utilities are reviewed next in the report and water rate increases are approved by the Public Service Commission (PSC); revenue increased by 10% as a result of a rate increase effective 1/1/21. The water utility has borrowed from other funds, so CLA would recommend another rate increase or cut capital projects, which is tough to do in an aging City. Finance Director-Treasurer Zegers added that he believes the City can do three years of 3% simplified rate increases, without doing a full blown increase, which is an option; it can be discussed later, but given direction, he could do that. Administrator Delo added as a reminder to those not on the Common Council very long that approximately 10 years ago NEW Water implemented a 10% per year rate increase, and the Common Council consciously decided at that time to offset by not raising rates and make a change down the road. A full rate study was done following NEW's project, with anticipated simplified rates increases to adjust further. Utilities are replaced with street projects and this year has been an unusual year with increases for water infrastructure, and the City will be cutting back and continuing to monitor and adjust rates as needed. The PSC controls rate increases over three percent; CA Delo just wanted to remind everyone this was planned for. Mr. Sternhagen added that the water utility principal payments will be going down as debt is repaid, but he does recommend his clients look at simplified rate cases to keep rates in line with inflation. NEW Water improvements will be passed onto the city with increases as well. This fund causes the biggest work as far as the audit is concerned.

The Wastewater utility is on the next page, with increases being due to large industrial customers; residential stayed stable. This account is positive in that it generated cash.

The Stormwater account is stable and is in good financial shape; the account builds money and then is expended for large projects for infrastructure.

Next, Dan Fochs highlighted CLA's review of Health Department internal controls. No compliance issues were found, but comments and observations were made related to record and time keeping to better maintain records and aid in the reconciliation process for what expenses go to what grant funds. Some recommendations relate to time sheet reporting or creating new revenue and expenses categories for the health department that

Finance will be assisting with creating and FDT Zegers provided a planned action report for 2023 to implement changes for the Health Department. FDT Zegers added that the Health Department is one cost center and the plan is to make sure there are more formal approvals of the administrative assistant's work, which is complicated with several grants and a limited number of general ledger accounts. The plan is to separate the accounts so it is clear what is received for COVID versus routine grants; there is a little concern with the payroll codes needed, whether there is enough for each grant so that it can be more easily audited moving forward. CLA's comments are valid, some the City will be able to bring to 100% correction, others may be a little more difficult. Discussion followed with the Mayor regarding COVID grants and FDT Zegers indicated that the Health Department received approximately $80,000 of grants pre-COVID, and charges currently able to be applied to COVID grants have resulted in a revenue source. In 2021, there was approximately $400,000 of additional grants. Mr. Fochs added that cleaning up processes will help with future DHS grants to make maintaining records better going forward.

Administrator Delo added that DHS grants will be adjusted going forward based on need and COVID's impact. The wages staff spent working on COVID were reimbursed; the department is shifting back to doing other work now and it is expected to see less reimbursement for COVID related activities. Mr. Sternhagen added it is possible that 2022 will be subject to a federal audit due to ARPA funding, so these recommendations are made in advance to avoid those findings for next year.

Mr. Sternhagen then provided an update to the Finance Department recommendations made last year. All items were completed but Item 5 - working with Human Resources for wage rates for segregation of duties. Appendix B is technical update - A big undertaking for Governmental Accounting Standards Board is coming for the year that the city is currently in regarding financial reporting for leases. FDT Zegers added that department heads will need to provide copies of the leases the city pays and those that generate income. It is an accounting standard that needs to be met for an unqualified opinion for every municipality.

Mayor Boyd thanked CLA for the informative presentation.

FDT Zegers added that if this item is approved, it will move forward to Council; Mr. Sternhagen or Mr. Fochs will be available for the Common Council meeting virtually to answer questions. He recommends approval of the final audit.

Mayor Boyd made Motion to approve the final 2021 Management Letter and Financial Statements and forward to Council; seconded by Alderperson Perock.

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	James Boyd, Mayor
SECONDER:	Devin Perock, Alderperson
AYES:	Perock, Gantz, Boyd, Kundinger, Quigley

12. Review and possible action on City of De Pere Investments and Cash Detail report for May 2022.

Item 12 was heard following Item 9 at 9:00 PM.

Finance Director Treasurer Zegers presented the report for the month ending May 31, with City's total cash at $3.5 million; picked up $100,000, with health and dental staying roughly the same; May's balance is $29.3 million for investments and was $30.2 million in April; $1 million was transferred from the money market account to city checking for accounts payable and payroll, and the LGIP account increased $147,000 from receipt of state aids.

There was appreciation in May for the Associated account of $29,000 and Charles Schwab had appreciation of $6,000. Total cash and investments are $32.8 million for the month ending May 31, 2022.

Interest and appreciation is at -$267,000 through May 31, that is primarily depreciation in treasury notes, as the notes that the City is holding are lower than rates coming out now.

The Schwab account has 18 treasury notes in total - 8 of the 18 are at 3% or over; older ones are being sold and getting higher yields now. Not losing money - the City gets principal value, plus interest.

Mayor Boyd made a Motion to receive and place on file; seconded by Alderperson Chandik Kundinger.

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	James Boyd, Mayor
SECONDER:	Amy Chandik Kundinger, Alderperson
AYES:	Perock, Gantz, Boyd, Kundinger, Quigley

13. Future agenda items.

    None.

14. Consideration and Possible Action on Notice of City of Long Beach v. Monsanto Class Action Settlement regarding PCB Contamination.*

    Mayor Boyd indicated that he reviewed the memo from City Attorney Johnson regarding the class action settlement and the staff recommendation to stay in the action and accept the settlement.

    He then made a formal Motion to remain in the class action lawsuit and accept the settlement; seconded by Alderperson Quigley.

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	James Boyd, Mayor
SECONDER:	John Quigley, Alderperson
AYES:	Perock, Gantz, Boyd, Kundinger, Quigley

15. Adjournment

    Mayor Boyd made a Motion to Adjourn at 9:06 PM, seconded by Alderperson Chandik Kundinger; Motion carried by unanimous vote.

***Items with an asterisk require City Council approval.**
Respectfully submitted,
Angela Zills