

**Special Village Board Meeting
April 20, 2020**

Board Present: Trustee Weatherston, Trustee Stillman, Trustee Wanggaard, Trustee Martin, Trustee Wishau and President Dobbs.

Absent: Trustee Prott was excused.

Staff/Others: Administrator Tom Christensen, Development Director Peter Wagner, Finance Director Kathy Kasper, Chief Financial Officer Dave Wagner and Utility District Director Anthony Bunkelman.

1. Call the meeting to order

President Dobbs called the meeting to order at 4:03 p.m., at the Caledonia Village Hall, 5043 Chester Lane.

2. Wisconsin Policy Forum Presentation – Rob Henken

Rob Henken explained he would summarize a forty-page report that would be published on the Wisconsin Policy Forum website following this meeting. This report is a fiscal condition analyses for the Village of Caledonia. Henken clarified the report was completed days before the COVID-19 crisis hit and felt it was too early to assess impacts on Caledonia’s finances, and that they will touch on general municipal impacts. The goal is the enhance knowledge of Caledonia pre-crisis fiscal condition and its capacity to withstand tough times.

Financial Trend Monitoring System was developed in the 1980s and is routinely used by local governments. There are four types of solvency issues used to assess fiscal health – Cash Solvency, Budgetary Solvency, Long-run Solvency, and Service-Level Solvency. These four levels are keys to understanding where the Village is at and will be applied as an indicator. Caledonia is doing well in comparison to its peers when applying environmental indicators.

Operating revenues show there is a major reliance on Property taxes and makes up for 71% of the levy. It is not ideal to be reliant on one source. Intergovernmental is the second highest revenue. However, because we do not have a reliance on state shared revenue it is considered a positive attribute. Trends show that the rate of growth in operating revenues per capita, and that the growth was healthy. Expenditure growth should not exceed the capacity of revenues. Public Safety takes up a major share of the operating expenditures. Public Safety accounts for more than half of the expenditure growth over the course of six years. The growth of debt service is increasing and should be watched. The workforce trends are also considered, and there has been a 10% growth in this area and there is nothing abnormal about the change in numbers. The growth in workforce matches the growth in population. Village of Caledonia falls short in staffing of officers in comparison to our peers, but our crime rates are also lower than the same peers and seems well staffed given that data. Our firefighters are staffed average in

comparison. Fringe benefits need to be watched closely, and were kept remarkably flat during the 2013-2016 period, but there was some growth in the past two years.

The OPEB liability did increase from 2013-2018 and is a long-term budget issue that cannot really be controlled but should be weary of. The debt service shows that we have a manageable debt load, however since it is trending upwards, we need to address the most viable way to keep up with operating needs. The sizable TID #4 located alongside I-94 – which was to be highlighted by creation of a major business park – so far has attracted only a few businesses. In the meantime, as property tax levy support for that TID grows, village

leaders face challenges in identifying the local resources needed to further fortify public safety staffing and respond to growing local road and recreational needs, along with the impact of COVID-19. This item will continue to rise for the next few years and might compete with other needs in the Village.

Overall, Caledonia's fiscal outlook is stable, and its near-term challenges are manageable. Village leaders should be prepared for some turbulence as they seek to capitalize on their economic development opportunities within the confines of state-imposed revenue constraints, which are likely to hamper their efforts to invest in the infrastructure and public safety enhancements that may be required to encourage such development.

While Caledonia's financial challenges are not severe, they still justify prudent planning and long-term decision-making. This is particularly important because many of the factors influencing the village's financial fortunes are largely beyond its control.

Healthy revenue growth is dependent on upward momentum in property tax levy (which in turn is dependent on new development). On the expenditure side, debt service payments cannot be lowered soon without increased development in TID #4, while retiree health care costs will continue to grow for some time despite the recent elimination of that benefit for most new employees. These factors suggest the need for continued willingness to explore service sharing opportunities and other potential cost-saving collaboration with neighboring municipalities, and to be open-minded to new revenue opportunities should they emerge.

Trustee Wishau would like to review the report further and confirmed with Henken that the Trustees could reach out with further questions.

Trustee Martin felt we had a liquidity issue and asked about a school fund that is available for borrowing. Henken stated there is a state loan fund. The general fund balance is healthy enough, that there is probably not a need to borrow to support that, and the Board should consider the interest rates that come with loans. Wagner stated the Board of Commissioners of public land administer these loans/grants and are available as needed. It is a long-term debt and carries an interest rate about 1% above current market. It is not something typically used for liquidity purposes. You should not borrow for short term cash in exchange for long-term debt. He felt if the municipal bond market is closed, then it would be an option.

Kasper and Christensen were in concurrence with the report, and felt it validated a lot of the feelings they had. Henken complimented Kasper, Wagner and Christensen for the tremendous help in forming this report.

3. Adjournment

Motion by Trustee Martin to adjourn. Seconded by Trustee Wishau. Motion carried unanimously.
Adjourned at 4:48 p.m.

Respectfully submitted,

Joslyn Hoeffert
Deputy Village Clerk