

Village of Fall Creek
Minutes of Finance & Personnel Committee Meeting
March 9, 2020

1. **Call to Order:** 5:40 p.m., Village Hall Meeting Room, 122 E. Lincoln Ave., Fall Creek
2. **Roll Call:** Members Present: Village President Tim Raap, Trustees Matt Mattoon & Dane Zook. Members Absent: Trustee Joyce Aldrich. Other Village Board Members Present: Trustees Karen Strasburg. Staff Present: Clerk-Treasurer Renee Roemhild. Also Present: 3 citizens.
3. **Certify Open Meeting Law Requirements Have Been Met:** A notice of the meeting and an agenda was posted in the three public places and local newspapers were notified.
4. **Adopt Agenda:**
 - MOTION (Mattoon/Zook) to adopt the agenda as printed. PASSED, without negative vote.
5. **Consider Bids for Municipal Garbage Service:** President Tim Raap reported on receiving bids from four companies. Two categories of bids were requested:
 - 1) service in which the customer may choose the volume of service they desire (35, 65, or 95 gallon cart or pre-paid bags) and
 - 2) service where all customers receive the same size cart (65 gallon).

Bids were further requested in those same categories relative to a stand-alone bid and relative to a joint bid with the City of Augusta, allowing the hauler to secure a higher customer base.

Raap reported on the consideration of requiring every resident to have the service. As that has not been the case in the past, the Board was not sure they wanted to place that requirement on the people. Two companies have expressed willingness to work out a system with the Village to allow changes to the customer base actively throughout the year; the other two would have to be asked that tonight as at prior meetings they were pushing to have every property have the service.

Highlights of the bids: No company bid for a one- or two-year contract, all bid for a five-year contract. The option from Express for the tiered service required that all property owners had the service. Express was the only company that allowed the prepaid bag service. Boxx only bid for the single size contract. The majority did not bid for service with weekly recycling, rather going to recycling pickup every other week. Waste Management specified a defined rate increase of 4 percent per year, which is higher than the bid specs allowed.

Raap reported the lowest bidder for the tiered service was Advanced Disposal at 11.23/month for 35-gallon, 13.23/month for 65-gallon, 15.23/month for 95-gallon, with no allowance for prepaid bags and recycling pickup every other week. The Village's administrative cost would also have to be factored in, initially being estimated at \$1.00/month. As the administrative expenses become more defined, the Board can change that amount as it deems necessary.

- MOTION (Zook/Mattoon) to recommend the Village Board accept the bid from Advanced Disposal for a five-year term at the prices listed above. Periodic rate increases over the five-year term are allowable per specifications in the bid documents. Motion also to recommend the amount added to cover the Village's administrative cost be established at \$1.00/month. The administrative amount should be reviewed every year and adjusted as necessary. PASSED, without negative vote.
6. **Consider Debt Service, Including Possible Capital Project & Loan Applications:** Clerk-Treasurer Renee Roemhild offered options for the committee to begin thinking about. Specific details will be presented at a later meeting, after the Village audit is complete.
 - A. **Sewer Fund: Loan #2017090-WWTP (Wastewater Treatment Plant) Utility Revenue:** Generally speaking, the Village has two types of debt:

- 1) loans that are “secured” by the Village’s *general revenue* source – property taxes. More commonly called General Obligation or G.O. debt, and
- 2) loans that are secured by a *specific revenue* source (such as utility revenue or TIF revenue).

Loan rates for G.O. bonds are lower than utility revenue bonds because there is more security for the lending institution when the loan is “backed” by the general revenue source. Most municipalities have both G.O. and revenue debt, because the State limits how much G.O. debt a municipality can have to 5% of the municipality’s equalized value.

G.O. Debt Capacity is a term used to describe how much “capacity” is left to borrow - calculated by multiplying the equalized value by 5%, then subtracting the balance of any existing G.O. debt to determine how much “capacity”/room there is left to borrow.

When Loan #2017090 was taken out, there was not enough G.O. debt capacity, so it had to be secured with utility revenue, resulting in a higher interest rate.

- a. **Consider Extra Annual Payment per 12/4/17 & 12/11/17 Minutes & Resolutions #2016-1010B & 2017-1211A:** The strategies determined in 2017 have been proven to save substantial money in interest costs. At a later meeting, we will be looking for authorization to do the extra payments again in 2020.
 - b. **Consider Application for Refinancing to G.O. Debt:** When this loan was originally taken out, it had to be secured by utility revenue because we did not have enough G.O. debt capacity. Due to the extra payments described above, the loan balance is now at a lower level and we now have sufficient G.O. debt capacity, allowing the option to refinance at a lower interest rate. If both the extra payment and refinancing options were chosen, the interest savings would be approximately \$72,500.
- B. General Fund: Consider New Debt, Including Possible Capital Project:** If the refinancing discussed above is desired, the State Trust Fund Loan program requires there be new debt issued as well, at the level of at least 25% of the refinancing amount. As there have been capital projects discussed in the past, i.e. paving the village hall parking lot, this may be a good time to consider that.
- C. Water Fund: Consider Payoff/Paydown of Various Loans:** Consideration of paying off one and partially paying down a second loan currently held by the State Trust Fund Loan program will be offered at a later meeting, after the audit is complete and the auditor can provide a better understanding of the operational and capital cash balances in the Water Fund.
- a. **Loan #2017084-WF Share Liberty Street**
 - b. **Loan #2017087-WF Share State Street**
 - c. **Loan #2017083-WF Share Hwy 12**
- D. Tax Increment Financing Funds: Consider Refinancing:**
- a. **Loan #2017089-TID #2 Business Park East, Industrial Land, Site Prep, Ancillary Project Expenses:** This loan is secured by revenue debt rather than G.O. debt, so is at a higher interest rate. Discussion took place that at this time, giving up more G.O. debt capacity in an effort to get a lower interest rate would not be beneficial to the Village.
- MOTION (Zook/Mattoon) to take the information presented on the debt strategy options under advisement for consideration at a future meeting. PASSED, without negative vote.
- 7. Adjourn:**
- MOTION (Zook/Mattoon) @ 6:15 p.m. PASSED, without negative vote.

Renee Roemhild, Clerk-Treasurer