

**Town of Menasha Board of Supervisors Special Meeting - Budget Workshop
Municipal Complex - Assembly Room - Friday, October 2, 2009**

Minutes

1. Call to Order

Chairman Tews called the special meeting to order at 7:30 am. Board members and staff present were Chair Tews, Supervisors Gerhart, Ziegler, and Youngquist, Clerk Backman, Administrator Sturgell, Fin. Dir. Piergrossi, Comm. Dev. Dir. Dearborn, Wastewater Supt. Laabs, Water Supt. Roth, Fin. Adv. Dave Wagner of Ehlers & Assoc., Bradley Viegut of R. W. Baird & Assoc., and resident Paul Eisen. Supervisor Barbara Hanson was absent.

2. Budget Workshop

Fin. Dir. Piergrossi announced that the financial firms of Ehlers & Associates and R. W. Baird & Co. would be making presentations to the Board regarding the financial status of the Town.

Wastewater Utility

Highlights in this budget included a decrease in total wastewater utility expenditures of 18.62%. If excluding depreciation, capital reserve and debt service accounts, there was an increase shown of 8.48%.

The General Union Contract is still unsettled; Fin. Dir. Piergrossi noted a sewer rate increase on July 15, 2009; the Teamsters Union settled their contract.

Due to the Grand Chute-Menasha West Sewerage Treatment Plant renovation, there was a 21% increase in rates; and the Neenah-Menasha Sewerage Plant caused a 10% rate increase or an average 16.72% increase between both facilities. In the Vehicle Maintenance account, there was a 20% increase due to aging vehicles; the Capital Reserve account shows a decrease of 89.49% which includes fiber optics, trailer for televising equip., rebuilt pumps for lift station, roof replacement and folding machine.

There was no funding for depreciation and used \$165,000 cash-on-hand to balance this budget; Adm. Sturgell explained. Adm. Sturgell encouraged Board members to consider a sewer rate increase in 2010 due to the heavy increases at the treatment plants. Fin. Dir. Piergrossi presented a cost analysis for the GCMW debt expansion costs showing net income and percentages of measured service rates for years 2009 through 2013. Supv. Youngquist requested that we fund our depreciation throughout the budget and continue to have sewer rate increases each year of between 3-5%. Chair Tews asked the finance director to use examples of various percentage rate increases for funding depreciation so the Board can compare to other municipalities. Fin. Dir. Piergrossi explained that funding depreciation is over 40 years, and borrowing is over 20 years; you pay as you go and earn interest; we generally borrow. The Board inquired about the seasonal employee, and Supt. Laabs commended the employee on doing a good job.

Special Revenue Fund

Garbage / Recycling

Fin. Dir. Piergrossi gave highlights; she discussed using an assumption that current garbage rates remain the same in 2010; the Misc. Revenue account which in 2010 will cover cart exchange fees or drop-off center revenue collection, labor hours for manning the drop-off center, diesel fuel for pickup of garbage/recyclables/yard waste, and Winnebago County's increase for tonnage at the landfill. She reviewed the Garbage Collection account and assumptions were used to fund the cost of each resident using one overflow tag, and includes drop off center garbage disposal fees; the transfer to the Capital Projects account is \$49,014 to cover costs of the garbage and recycling carts.

Adm. Sturgell told of cart exchanges taking place, and with shortages of certain cart sizes, asked the Board how they would like to handle replacements. Board members suggested waiting and utilize the stock we now have on hand. The Board praised staff for the excellent job in organizing this effort.

Fin. Dir. Piergrossi stated the GREAT grant is in the 2010 budget although it wasn't last year. She reviewed the Per Capita grant, and the various donation accounts; and explained the Dept. of Commerce (DOC) grant and Dept. of Transportation (DOT) grant deficit balances which have gone back several years.

Water Utility

Highlights included a decrease in total water utility expenditures of 15.47%. If excluding depreciation, capital reserve and debt service accounts, there was an increase shown of 5.29%.

Fin. Dir. Piergrossi explained meter sales were lower than anticipated in 2009 and therefore budgeted the same in 2010. In the Special Assessment Revenues account, cash is used to offset the budget \$100,000 each year. Other items reviewed were the Interest account; General Union Contract (general staff) still unsettled; and possible borrowing for capital items. The Proceeds from Debt account was reviewed; budget in the negative due to stormwater; a seasonal laborer was requested which included a pay rate; staff discussed water purchased and assumes a 7% increase. Water Supt. Roth gave details about the new east side well experiencing bad water quality--poorer than anticipated; however, he explained this well is a backup only and used intermittently. Treatment costs are still more cost effective than purchasing all the water from Menasha however, the town will always have to mix some city water with town water to receive better water quality. Discussion was withheld until after the following presentations were given.

At this time, presentations were given; first by Dave Wagner of Ehlers & Associates at 9:00 a.m., followed by Bradley Viegut of R. W. Baird & Associates at 10:00 a.m. A break was taken between presentations. Each were allowed approximately one-half hour to present their independent review of the town's financial situation regarding the shared CUSIP numbers with the City of Menasha and the impact on the town's ability to access capital markets. They reviewed options such as: competitive sale, negotiated sale and private placement such as bank/state loans and gave recommendations for the town's success in borrowing. After each presentation, the Board members posed questions and obtained answers from the financial advisors separately.

Ultimately, Brad Viegut stated the CUSIP numbers were in the process of being changed. He recommended the best option for the town which was going out for competitive bids, and suggested the scenario of possibly using Baird as the underwriter with Ehlers as the financial advisor. Short term borrowing with one in 2009 and another in 2010 was recommended to establish a track record.

Supv. Youngquist stated he feels we should approach banks in our area to see if a local bank would provide our financing needs at competitive rates. Supv. Youngquist presented a list of ten financial institutions to Fin. Dir. Piergrossi and requested they be contacted for a Request for Proposal (RFP) covering our financial needs. Supv. Youngquist requested the RFP be delivered no later than Oct. 9 with a reply date no later than Oct. 23, 2009.

After presentations, at 10:45 a.m., discussion resumed with the Water Department.

Fin. Dir. Piergrossi noted the drastic rise in salt costs now at \$92/ton or a 28% increase. Adm. Sturgell spoke of not stockpiling salt and therefore a shortage of supply which drives the price up. It was suggested by the Board to go in jointly with surrounding municipalities to get better pricing. The Operating Supplies account was higher due to the increase in maintenance for water meter testing, and conversion.

The Capital Reserve account was discussed and included replacement of new residential water meters, and resin for water softeners, and a folding machine. Discussion ensued on replacing the department's 1994 6-yr dump truck and possibility of another department having use for it, but Supt. Roth replied that upon checking, others did not need it. Ultimately staff and Board members concluded the dump truck had no immediate problems and could be replaced later. The board voted and tied 2-2, so it was left undecided and will be discussed at a later meeting.

Capital Improvements were discussed next.

***E. Shady Lane - Cold Spring Road to American Dr. (16" Water Main): IN FOR 2010**

Water Supt. Roth discussed the many water breaks; and the sewer line being at 60% capacity. Concern was expressed that a group of residents against the MEE development project several years ago were promised a trail along this road and the decision made, which was the reason for placing it on the project list. Supt. Roth stated they wouldn't do the sewer project unless the road project was going to be completed. It was agreed by all Board members to leave the project in for 2010.

While the road is being reconstructed, Water Supt. Roth suggested installing an asphalt path on the south side; Board members seemed to agree it would be a good idea. Supt. Roth will get estimates on the work and staff will discuss it further.

***Manitowoc Road - Melissa St./7th to Harold Dr. (8" Water Main):** BEGIN IN 2009, FINISH IN 2010

***Traders Road (8" Water Main):** BEGIN IN 2009, FINISH IN 2010

Lastly, one item was put on hold for further review by the Finance Director which was the 121-000 Hourly/OT Teamsters & Non-Rep account. At a 21.24% increase for 2009/2010, the increase seemed too high and Fin. Dir. Piergrossi stated she would check into it further.

Resident Paul Eisen, Brighton Beach Rd.: Present, but left early; requested his commentary on the 2010 town budget be incorporated into record. He suggested preferential changes in some sections of the budget: to include a goal to lobby State and Federal agencies to accelerate Hwy. 441/10 Interchange/bridge, videotaping the meeting, clarification of certain abbreviated items, note the cost of garbage/recycle carts in the Spec. Revenue Fund, and other enhancements; his recommendation of a trail on both Oneida St. and Appleton Rd.; a street sweeper visit the east side, include Brighton Bch. Rd.

4. **Motion to Set Another Meeting Date, if Necessary, or Adjourn**

At 12:30 p.m., MOTION: Youngquist/Ziegler to set a meeting date of **October 19, 2009 at 5:00 p.m.** Motion carried.

Respectfully submitted,

Karen Backman, Town Clerk

Note: *These minutes are not to be considered official until acted upon at an upcoming regular meeting, therefore, are subject to revision.*