



CITY OF NEW RICHMOND
THE CITY BEAUTIFUL

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February 27, 2015

FINANCE COMMITTEE MEETING

**Fred Horne
Jim Zajkowski
Jane Hansen**

This is to inform you that there will be a Finance Committee Meeting on Monday, March 2, 2015 at 5:00 p.m. in the Administrator's Conference Room of the Civic Center, 156 East First Street, New Richmond.

AGENDA:

- 1. Roll Call**
- 2. Adoption of Agenda**
- 3. Approval of the minutes of the previous meeting, February 2, 2015**
- 4. CIP and Refinancing Update**
- 5. 2014 Budget Amendments & Carry Forwards**
- 6. Room Tax Update**
- 7. Closed Session per State Statute 19.85 (1)(c) –**
 - a. City Administrator Annual Review**
 - b. Staffing**
- 8. Open Session – Action on Closed Session Agenda**
- 9. Communications and Miscellaneous**
- 10. Adjournment**

**Mike Darrow,
City Administrator/Utility Manager**

cc:

**The News
Northwest Community Communications
City of New Richmond Web Site**

A majority of the members of the New Richmond City Council may be present at the above meeting.

Pursuant to State ex rel. Badke v. Greendale Village Board, 173 Wis. 2d 553, 494 N.W. 2nd 408 (1993) such attendance may be considered a meeting of the City Council and must be noticed as such, although the Council will not take action at this meeting.

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**CITY OF NEW RICHMOND
FINANCE COMMITTEE
MINUTES OF MONTHLY MEETING
FEBRUARY 2, 2015**

The Finance Committee was called to order by Mayor Fred Horne at 5:00 p.m. on February 2, 2015.

Roll call was taken.

Members Present: Fred Horne, Jane Hansen and Jim Zajkowski

Others Present: Mike Darrow, Ron Volkert, Nick Vivian, and Kari Kraft

Jim Zajkowski moved to adopt the agenda, seconded by Jane Hansen and carried.

Jane Hansen moved to approve the minutes of the January 12, 2015 meeting, seconded by Jim Zajkowski and carried.

Review and Recommendation on City Attorney Contract

There was discussion on the proposed amended contract language for the City Attorney. The Finance Committee and the Council will have an opportunity to review the City Attorney in December of 2015 and the contract can then be extended two additional years. Mike Darrow and Nick Vivian will update the contract language and send to the Council tomorrow. Jane Hansen moved to accept the recommended amendments and bring to Council for final approval, seconded by Jim Zajkowski and carried.

Review and Recommendation on Westfield's PILOT Agreement

Mike Darrow met with Steve Massey from Westfield's Hospital to review the PILOT Agreement. It has been determined that the funds received from Westfield's this year will go into the general fund for 2015, and funds for subsequent years will go towards enhancing the existing budget with the intention of choosing specific projects to fund with input from both Westfield's and the Council. Jane Hansen moved to accept the Agreement and forward to the Council for formal approval, seconded by Jim Zajkowski and carried.

Update on Fire Department Capital Improvement Program

Mike Darrow gave an update on the last Fire Board meeting a week or so ago. Mike recommended that the CIP information go to Finance and Public Safety to keep everyone up to date. Mike had recommended to the Fire Board that we get a third party to verify the costs of equipment. The next Fire Advisory Board will be in March. An update on this was given to the GEN group as well. Mayor Horne recommended having that third party look at the training for best practices to verify what is currently being done. It looks like we are looking at a truck a year to get everything up to date, but Fred thought it would be better to do every other year or every two years. Mike Darrow would like to work with Jim VanderWyst to break down costs for borrowing, grants, other sources for paying for these trucks. Jim Zajkowski is the City representative on the CIP sub-committee.

Update on City CIP Program

Mike Darrow is working with staff to find grants to help fund the 2015 Capital Improvement Projects. Staff has not looked at 2016 or beyond at this time. Mike will bring more information back to the work session in February. Sean Lentz, from Ehlers, will be at the February 23, 2015 meeting as well.

Closed Session per State Statute 19.85 (1)(c) - Staffing Update

Jane Hansen moved to go into Closed Session per State Statute 19.85 (1)(c) to discuss Staffing Update, seconded by Jim Zajkowski, and carried.

Open Session - Action on Closed Session

No Action was taken.

Communications and Miscellaneous

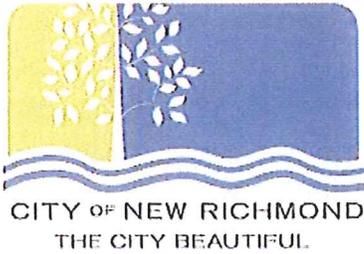
Jane would like to discuss hotel room tax at the next meeting. Jim would like to research a possible license for hotels.

Adjournment:

Jim Zajkowski moved to adjourn the meeting, seconded by Jane Hansen and carried.

Meeting adjourned at 6:45 p.m.

Tanya Reigel,
City Clerk



TO: Finance Committee
FROM: Bev Langenback, City Treasurer and Mike Darrow, City Administrator
DATE: February 27, 2015
RE: 2014 Amended Budget

BACKGROUND:

Attached to this memorandum is a breakdown of the end of year budget items by department. To proceed with the 2014 audit, the Council will need to approve the adjustments. The adjustments for 2014 were as a result of the following:

- Budgeted revenues were in excess by \$39,943.72 mostly due to interest earnings and market adjustments on investments.
- Budgeted expenditures were under budget by \$108,367.78. The majority of this is due to the credits received from WPPI Benefit Plan Trust's distribution of fund balance.
- 2014 addition to General Fund Balance totals \$122,486.88

The 2014 General Fund balance as a percentage of revenues is 31%. The General Fund balance as a percentage of expenditures is 29%. According to Ehlers, fund balance as a percentage of revenue is one piece of Moody's measure of "liquidity," which forms 10% of our bond rating. Fund balance as a percentage of expenditures is what forms Moody's measure of "budget flexibility." Having both in the 25-30% range is a good target for maintaining a high rating. During the 2015 budget process, there was discussion of transferring fund balance greater than 26% of revenue to the newly created capital replacement fund. After the 2014 audit is complete the finance/council could decide to transfer approximately \$250,000 to the capital replacement fund, leaving a fund balance of 27% of revenue and 25% of expenditures. The City's fund balance would be within the target range of 25-30%, as outlined by Ehlers.

RECOMMENDATION:

Staff recommends approval to adopt the Amended 2014 budget as presented, resulting in an addition of \$122,486.88 to the General Fund for 2014, the approval of the carried forward amount of \$21,563.80 and the approval of assigned fund balance of \$12,582.14 for "Future Outlay & Retirements".

CITY OF NEW RICHMOND
RESOLUTION #031501

WHEREAS, the City of New Richmond has levied taxes and appropriated monies for City operations, and
WHEREAS, unforeseen circumstances and events occurred in 2014, that were not anticipated when the budget was originally adopted.

NOW, THEREFORE, BE IT RESOLVED by the common council of the City of New Richmond that the 2014 budget be amended as follows:

GENERAL FUND	2014 ADOPTED BUDGET	ADJUSTMENTS	AMENDED 2014 BUDGET
REVENUES			
General Property Taxes	2,905,267.34	-	2,905,267.34
Taxes (other than property)	674,225.96	-	674,225.96
Intergovernmental Revenues	1,560,121.80	79,258.06	1,639,379.86
Licenses & Permits	320,225.00	-	320,225.00
Public Charges for Service	279,707.00	7,475.58	287,182.58
Public Imp Revenue-Assessments	4,053.13	-	4,053.13
Miscellaneous Revenue	50,109.75	44,906.19	95,015.94
Other Financing Sources & Transfers	-	-	-
TOTAL REVENUES	5,793,709.98	131,639.83	5,925,349.81
EXPENDITURES			
General Government	1,249,630.09	2,162.81	1,251,792.90
Protection - Person & Property	2,091,194.09	25,197.38	2,116,391.47
Health & Sanitation	12,050.00	-	12,050.00
Public Works - Streets	1,112,113.29	99,475.28	1,211,588.57
Education & Recreation	1,140,359.29	(551.00)	1,139,808.29
Conservation & Development	135,163.22	1,000.00	136,163.22
Other Financing Uses & Transfers	17,200.00	-	17,200.00
Outlay	36,000.00	33,755.09	69,755.09
TOTAL EXPENDITURES	5,793,709.98	161,039.56	5,954,749.54
OTHER FUNDS			
REVENUES			
Impact Fees	20,033.00	-	20,033.00
WDF/RLF/Housing Fund	-	-	-
Debt Service Funds	2,498,753.74	225,119.72	2,723,873.46
Capital Project Fund	130,000.00	-	130,000.00
Capital Project - Landfill Cleanup	96,482.02	-	96,482.02
Tax Increments	1,521,912.34	-	1,521,912.34
Storm Water Utility	248,753.24	-	248,753.24
Parks Trust Fund	29,000.00	9,000.00	38,000.00
Library Trust Fund	25,000.00	200.00	25,200.00
Enterprise Funds	12,651,995.00	-	12,651,995.00
TOTAL REVENUES	17,221,929.34	234,319.72	17,456,249.06
EXPENDITURES			
Impact Fees	40,420.00	-	40,420.00
WDF/RLF/Housing Fund	1,000.00	-	1,000.00
Debt Service Funds	2,498,753.74	225,119.72	2,723,873.46
Capital Project Fund	344,800.00	89,807.00	434,607.00
Capital Project - Landfill Cleanup	100,896.00	9,095.00	109,991.00
Tax Increments	1,942,429.77	17,287.00	1,959,716.77
Storm Water Utility	200,194.02	-	200,194.02
Parks Trust Fund	26,350.00	9,000.00	35,350.00
Library Trust Fund	12,500.00	200.00	12,700.00
Enterprise Funds	12,741,956.00	-	12,741,956.00
TOTAL EXPENDITURES	17,909,299.53	350,508.72	18,259,808.25

Adopted at a regular meeting of the common council on March 9, 2015.

**APPROVAL OF TRANSFERS FROM THE GENERAL FUND
FOR OVERDRAWN EXPENDITURES**

GENERAL EXCESS REVENUES

Taxes	(48,380.01)	
Special Assessments	-	
Intergovernmental Revenues	24,313.44	
Licenses & Permits	(2,164.66)	
Fines, Forfeits & Penalties	(16,772.03)	
Public Charges for Services	1,249.95	
Misc Revenues	81,697.03	
Other Financing	-	
REVENUES - EXCESS (UNDER) BUDGET		\$ 39,943.72

EXPENDITURES

General Government	48,811.78	
Public Safety	(2,472.30)	
Public Works	(12,773.42)	
Health & Human Services	309.06	
Culture, Rec & Education	56,758.26	
Conservation & Development	20,586.93	
Other Financing Uses (Trsfers to other funds)	722.58	
Outlay	(3,575.11)	
EXPENDITURES - UNDER (OVER) BUDGET		\$ 108,367.78

ACTUAL REVENUES (ADDITION TO FUND BALANCE)	5,965,293.53
ACTUAL EXPENDITURES (SUBTRACTION TO FUND BALANCE)	(5,842,806.65)
INCREASE (REDUCTION) TO FUND BALANCE	\$ 122,486.88

2014 FUND BALANCES CARRIED FORWARD TO 2015

POLICE - CHILD SAFETY FUNDING	3,456.96	
POLICE - COMMUNITY PROGRAMS (DONATIONS)	6,253.74	
POLICE - BULLETPROOF VESTS (DONATIONS)	5,473.00	
FIRE - EQUIPMENT (DONATIONS)	1,563.40	
VFW POST 10818 - MOVING WALL	3,000.00	
LIBRARY - COMPUTERS	1,816.70	
BALANCE TO BE CARRIED FORWARD	\$ 21,563.80	

2014 FUND BALANCE - ASSIGNED

"FUTURE OUTLAY"	(3,575.11)	\$ 2,054.44
"FUTURE RETIREMENTS"	(2,472.30)	\$ 10,527.70
		\$ 12,582.14



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TO: Finance Committee
FROM: Mike Darrow, City Administrator
DATE: February 25, 2015
RE: Room Tax Update

Background

Last month, the Finance Committee directed staff to provide an update on room taxes to insure conformity with Wis. Stat. 66.0615. According to our City Attorney, "*Wis. Stat. 66.0615(1m)(d) provides a municipality that imposes a room tax after May 13, 1994 shall spend at least 70% of the amount collected on tourism promotion and development. The money may be spent directly by the municipality on tourism promotion and development. Tourism promotion and development is defined by Wis. Stat. 66.0615(1)(fm) as any of the following that are significantly used by transient tourists and reasonably likely to generate paid overnight stays at more than one establishment on which the tax may be imposed:*

- 1. Marketing projects, including advertising media buys, creation and distribution of printed or electronic promotional tourist materials, or efforts to recruit conventions, sporting events, or motorcoach groups.*
- 2. Transient tourist informational services.*
- 3. Tangible municipal development, including a convention center."*

In 2014, we paid out the following:

\$10,000 to the Chamber of Commerce
\$10,000 to the Chamber of Commerce for Fun Fest
\$15,000 to the Hockey Association to pay for their Utilities
\$8,000 to Hatfield Park to pay for their Utilities
\$2,750 to the Heritage Center Hillside Series
\$45,750 Total expenditures

In 2014 we collected \$54,146 of Room Taxes
 $\$54,146 \times 70\% = \$37,902$

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Conclusion

According to our City Attorney *“if the City collected \$54,146 in lodging tax revenue in 2014, by law it was required to spend at least 70% of that amount, or \$37,902 on tourism promotion and development. Based on the information provided by City Staff, the City provided \$45,750 or 84.5% of its lodging tax revenues to groups and organizations focused on promoting the City of New Richmond and bringing visitors to town.*

All of the expenditures and contributions made by the City were designed to recruit families and individuals to visit New Richmond. The Chamber of Commerce is clearly recruiting people to visit for business and pleasure. The Hockey Association recruits families to sporting events. The Hatfield Park expenditure promotes the recruitment of sporting events and motorcoach groups and the Heritage Center expenditure accomplishes a similar mission.”

In the opinion of our City Attorney, the City has not only complied with the requirements of State law, it has exceeded its obligations.