

Town of Verona
Financial Sustainability Committee Minutes
Town of Verona Community Room, 7669 County Highway PD, Verona, WI
3/26/2019

Present: Laura Dreger, Douglas Wolf, Julie Bass-Devries, and John Senseman
Also Present: Amanda Arnold – Planner-Administrator and John Wright – Clerk-Treasurer
Public Present: Tom Mathies

Call to Order, Approval of Agenda – Chair Dreger called the meeting to order at 8:30 AM. Bass-Devries moved to approve the agenda; 2nd by Senseman. Motion carried.

Approve Minutes from February 27, 2019 – Motion by Senseman to approve the February 27, 2019 minutes; 2nd by Dreger. Bass-Devries abstained; motion carried.

Review Additional Funding Options Including: Make no Changes and Possibly Diminish Services, Accept General Obligation Debt, Present a Referendum for the Electorate to Exceed the Levy, and/or Present a Referendum for the Electorate to Approve a Special Charge Added to Future Tax Bills Which Does not Diminish the Annual Levy – Planner-Administrator Arnold briefly recapped the options available. It was noted that permission to exceed the levy limit at an Annual Town Meeting or a Special Town Meeting is for the next budget year and does not extend indefinitely into the future; conversely, an approval by referendum on a November ballot gives the Town of Verona Board the power to exceed the annual levy limit thereafter. There was a brief review of the budget shortfall for 2019 that reduced the Street Maintenance Capital Budget for reconstruction among other budget lines when the ideal budget to be funded was short of revenue by approximately \$150,000. In spite of this shortfall, Arnold noted, \$15,000 was added to a sinking fund for future capital equipment purchases for Public Works and \$10,000 was added to a fund to address issues such as staff retirement. The Public Works Committee approved by motion a recommendation to the Town of Verona Board to approve the low bids for local roads that totaled \$280,000 which represents that entire 2019 budget for this purpose. Arnold noted that the new Town of Verona Public Works Project Manager Chris Barnes will be preparing a 5-Year Capital Improvement Plan for roads and equipment; that Plan, when adopted, should better define future budget needs.

Wolf initiated a conversation about how much the local levy would need to be increased for each \$100,000 it was exceeded. Clerk-Treasurer Wright stated that it depends upon the amount of Net New Construction minus the local tax value of land annexed by adjacent cities each year. It was noted that the next probable increase to local taxes due to the third referendum question approved April 2017 related to exceeding the Verona Area School District levy for operating costs of the new high school will be in the 2021 budget year [note: on average, the VASD estimates that increase to their levy to be \$0.58 per thousand dollars valuation roughly equal to \$174 for a property assessed at \$300,000]. Wright reported that he calculated the change in taxes from last year to this year for a median home plus land with a \$300,000 assessed valuation at approximately \$219 more (this does not include changes in First Dollar or Lottery Credit amounts [note: a property with similar value saw the taxes increase over the preceding year by approximately \$345]). Committee members said they should be aware of the tax increases attributable for the VASD, but the Town's needs must be considered separate and apart.

Members agreed that it would be far easier to gain approval from tax payers if the additional money was to be for a particular project or purchase such as reconstructing a road or replacing a plow truck. There was a brief discussion of General Obligation Debt. Tom Mathies noted that although the Town Board can authorize debt without the approval of the electorate, the electorate still has the power to approve the levy which may or may not include the General Obligation Debt amount at the Special Town Meeting in November each year. It was noted that by moving some or all of an existing expense such as fire services (currently \$195,000 for operating expenses and \$31,500 for capital expenses) to a special charge, then exempt agencies pay the charge as well, depending upon how the amount is calculated.

After review of the 2018 Assessment Roll for the Town, it was discovered that there are 14,846 acres in the Town of Verona prior to 2018 annexations, 12,732 acres that is taxable (after different rates), 307 acres in Managed Forest Law (not directly taxed based upon value), and 1,807 acres that are exempt from taxation. However, it was noted by Wright that Agricultural land, although taxable, is assessed at a much lower rate than Fair Market Value as is Undeveloped, and Agricultural Forest Land. If based purely on acreage, it would take an increase of \$6.74 per acre to realize an additional \$100,000. \$12,172 of that would come from land that is otherwise exempt from taxation. There was brief discussion regarding whether fire fees could be derived through some other factor than acreage such as the number of buildings assessed value or one rate for improved parcels and another rate for properties without improved values. Although Tom Mathies did not have examples of how such Special Charges are levied elsewhere, he did recommend that the matter be researched; without objection. It was noted that although the Town of Verona has the capacity to borrow money, no line of credit has been established to do so.

Update on 2019 Road Budget and Bidding Process Conducted by MSA Professional Services – As mentioned above, the Public Works Committee agreed to recommend to the Town Board the approval of the two lowest bids equaling \$280,000. There was a brief discussion regarding the need for a Cooperative Boundary Agreement or Intergovernmental Agreement to outline annexing City financial responsibilities to the Town of Verona if reconstructed roads are annexed within a certain number of years.

Prepare for the Annual Town Meeting Held on April 16, 2019 – It was agreed that the options to be presented to property owners could begin this year, but referendum options would not be available until November of 2020. The qualified electorate could choose to authorize the Town to exceed the levy at the Special Town Meeting in November of 2019, but that approval would only authorize the changes for budget year 2020. It was further agreed that the five options available should be prepared with a list of pros and cons for each approach for presentation at the Annual Town Meeting on April 9, 2019. Arnold and Wright will work on a PowerPoint presentation to be given by Town Chair Mark Geller. Chair Dreger noted this is her final meeting as a Town Board representative; she is interested in continuing to serve on this Committee. Tom Mathies is the sole candidate for the First Supervisor position; he is also interested in serving on this Committee. Member Bass-Devries is will to extend her term as well.

Schedule Next Meeting and Agenda Items – the next meeting will be held on Tuesday, April 30, 2019 at 2:30 PM. Items on the agenda will include:

- Call to Order, Approval of Agenda
- Approve Minutes from March 26, 2019
- Recap of Annual Town Meeting and Further Discussion of Strategies for Funding Sources
- Review 5-Year Capital Improvement Plan for the Town of Verona Public Works
- Schedule Next Meeting and Agenda Items
- Adjourn

Adjourn – The meeting was adjourned at 10:10 AM.

Approved: May 1, 2019

Prepared by: John Wright with Amanda Arnold Review