



CITY OF MERRILL

PERSONNEL AND FINANCE COMMITTEE

AGENDA • TUESDAY SEPTEMBER 8, 2020

Special Meeting

City Hall Council Chambers

5:15 PM

- I. Call to Order
- II. Public Comment Period
- III. Agenda Items:
 - 1. Request from Fire Chief Klug to sell Engine 61 via Wisconsin Surplus Auctions, dispose of miscellaneous equipment and trade in the rescue squad.
 - 2. Presentation on and discussion of 2020 borrowing and refinancing plan
 - 3. Discuss potential 2020 budget meetings and dates
- IV. Adjournment

Heideman, Bill

From: Hass, Steve
Sent: Wednesday, September 2, 2020 4:10 PM
To: Heideman, Bill
Cc: Klug, Josh; Hayden, Tom
Subject: P&F agenda special meeting

Bill, please include on the agenda request from Fire Chief Klug to dispose of equipment, trade in the rescue squad and sell Engine 61 using Wisconsin Surplus Auction site, maybe check the wording with what we used for the Police Department last month and check with Tom on wording for the trade in.

Thank you

Steve Hass

Sent from my iPad

Attachment: Agenda request for disposal of Fire Department things (5288 : Request from Fire Chief Klug to dispose of equipment and vehicles)

City of Merrill - 2020 Borrowing/Capital

Key Points:

Brian Reilly from Ehlers & Associates will be at the Special Personnel & Finance Committee meeting on Tuesday, 9/8th at 5:15 p.m. to present and discuss the 2020 borrowing plan. This includes new borrowing; refinancing of existing tax levy debt; fiscal impacts on future tax levy debt service; and future refinancing of Tax Increment District No. 3 TID Revenue Bonds.

Transit buses can't be financed directly through General Obligation (GO) Bonds under WI Statutes. The GO Promissory Note will be short-term (i.e. maturity date of 4/1/2021) through mBank. However, it is anticipated that the \$266,000 will be included within the Bond refinancing.

There are ten (10) borrowing resolutions on the Common Council agenda. There are two-steps to the GO Bond borrowing approval process. After bid process, there will be consideration of awarding the GO Bond bids at the October 13th Common Council meeting.

The following summary of 2020 Borrowing/Capital is by the Bond Categories allowed under WI Statutes. The debt service schedules provided by Ehlers & Associates will show the repayment distribution by the various City of Merrill accounting funds.

Prepared by: Finance Director Kathy Unertl

City of Merrill - 2020 Borrowing/Capital

Series 2020 - Bonds			Budget Amount	Projected 2020	Difference	By Bond Categories under WI Statutes	
						Borrowing Bonds	
Streets	Seal Coating		\$52,385.00	\$55,000.00	\$2,615.00	\$55,000	
Streets	Resurfacing		\$100,000.00	\$100,000.00	\$0.00	\$100,000	
Streets	Crushing	Recycling asphalt/concrete	\$50,000.00	\$50,000.00	\$0.00	\$50,000	
Streets	M2020 - Grand Ave. Project		\$350,000.00	\$350,000.00	\$0.00	\$350,000	
Streets	M2020 - Grand Ave. Project - TID No. 8		\$540,000.00	\$540,000.00	\$0.00	\$540,000	TID No. 8
Storm	MS-4 Stormwater	Planning-Engineering - 50%*	\$68,855.00	\$68,855.00	\$0.00	\$68,500	
Streets	Dump Truck	Replacement	\$50,000.00	\$48,577.50	(\$1,422.50)	\$48,500	
Streets	Paint Truck	Replacement	\$50,000.00	\$50,000.00	\$0.00	\$50,000	
Streets	Loader Tractor	Replacement	\$95,000.00	\$89,650.00	(\$5,350.00)	\$89,500	\$1,351,500
						Streets	
Parks	Dump Truck	Replacement	\$50,000.00	\$48,668.50	(\$1,331.50)	\$48,500	Parks
Library	Roofs	Replacements	\$75,000.00	\$75,000.00	\$0.00	\$75,000	Library
Total - GO Tax-Levy			\$1,481,240.00	\$1,475,751.00	(\$5,489.00)	\$1,475,000.00	

*There is also WI DNR grant for \$68,855

Fund 62 - Water Infrastructure		Projected 2020	Bonds
M2020 - Grand Ave. Project		\$350,000	\$350,000 Water
Fund 63 - Sewer Infrastructure			
M2020 - Grand Ave. Project		\$200,000	\$200,000 Sewer
Fund 41 - Tax Increment District No. 11			
Rock Ridge Phase II (2019 and 2020 annual development incentive)		\$200,000	Community Dev \$200,000 - TID No. 11
Fund 48 - Tax Increment District No. 8			
M2020 - Grand Ave. Project - within Streets Bond Category - \$540,000			
Streetlight - Grand Ave. Project		\$70,000	Community Dev
		<u>\$70,000</u>	\$70,000 - TID No. 8
Total - GO			\$2,295,000.00

Series 2020 - Notes	Total Cost	Projected 2020 - 2021	Borrowing Notes
Transit Buses - 20% Local			
Three Buses - 2020	\$1,328,712 *	\$265,742	\$266,000 Transit

*Wisconsin DOT reimbursement of \$1,062,970 will take 4 to 6 weeks (after proof of City payment of entire cost)



Merrill - Council

2020 Borrowing Discussion

September 8, 2020



Discussion Items

- Current Profile
 - G.O. Borrowing Capacity
 - Levy for Debt Service
- 2020 Capital Projects Financing
 - Projects
 - Preliminary Debt Issues and Sizing
 - Impact Scenarios
- Calendar

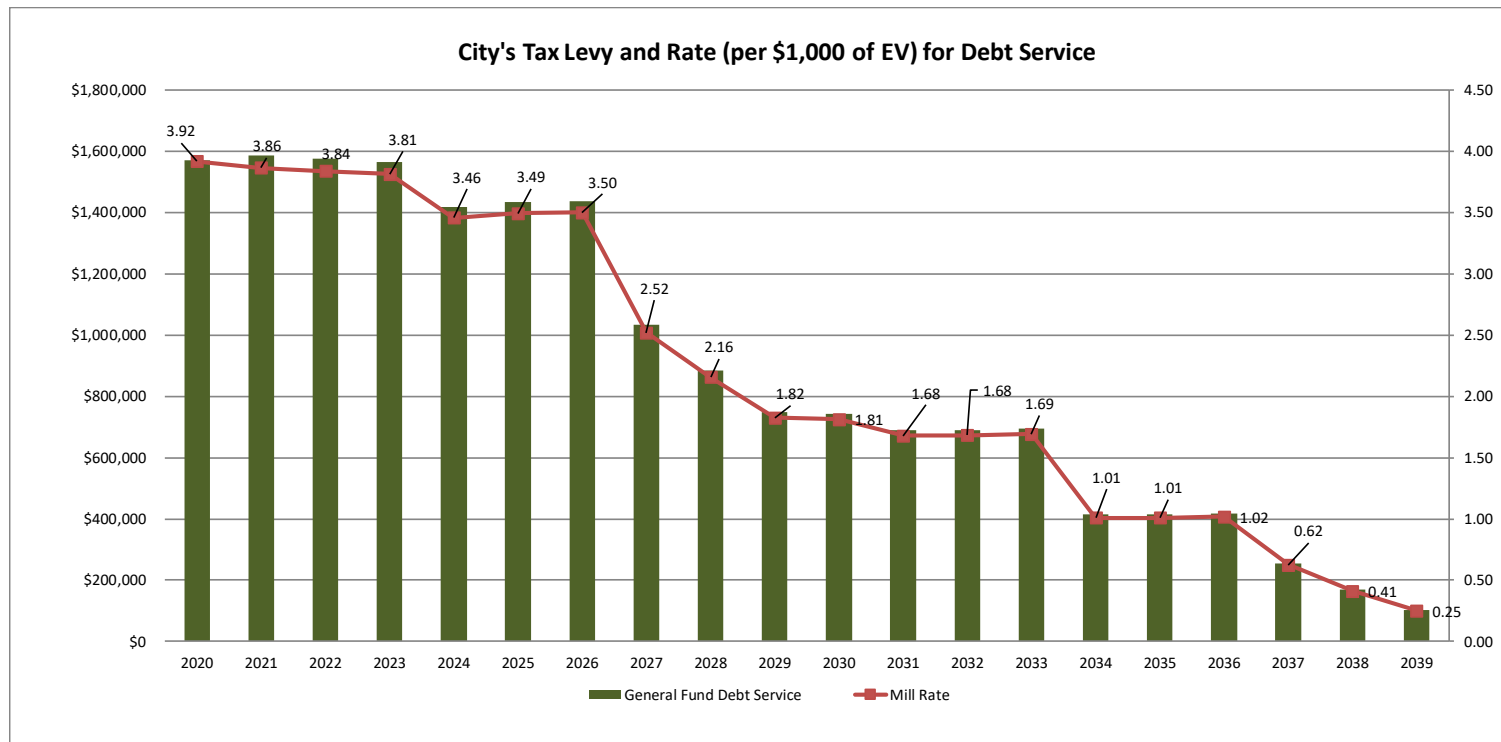


Current Profile – G.O. Borrowing Capacity

- G.O. Borrowing limited to 5% of total equalized value
 - 2020 EV: \$464,066,900
 - Borrowing Capacity: \$23,203,345
 - Available Capacity: **\$6,465,891 (28%)**
- City has typically used G.O. debt for projects, including public infrastructure, utilities and economic development (TIDs)
- Use revenues from non-levy sources to reduce amount of levy for G.O. debt service
- Retiring \$1.4MM+ in principal through 2026 fiscal year



Current Profile – Levy for G.O. Debt Service



9/4/2020

4



2020 Capital Projects and Financing Needs

- | | | |
|--------------------------------|-----------|---|
| • Streets & Street equipment | \$811,500 | } \$2,295,000 |
| • Parks & equipment | \$48,500 | |
| • Library | \$75,000 | |
| • Water | \$350,000 | |
| • Sanitary Sewer | \$200,000 | |
| • TID No. 8 Streets & lighting | \$610,000 | |
| • Transit buses | \$266,000 | |
| • TID No. 11 Dev. Incentives | \$200,000 | |
- *TO be financed with G.O. Bonds. Buses interim financed to be able to combine with Bonds as a refunding purpose.*



2020 Capital Projects and (Re)Financing Needs

- G.O. Bonds will also refinance:
 1. Interim Note for City's portion of bus acquisition
 2. 2013B G.O. Promissory Notes
 3. 2019 State Trust Fund Loan \$251,200
 4. 2020 State Trust Fund Loan \$101,254 (refinanced 2005 loan)
 5. 2020 State Trust Fund Loan \$80,000

- Refinancing to produce savings and provide for consolidation, eliminating admin burden and savings on annual expenses



Finance Plan

- G.O. Bonds (new \$ & refinancing) \$3,510,000
 - *Interim Note for bus acquisitions included in this amount*
- Anticipation (Interim) financing \$1,065,000
 - *Retired in full upon receipt of grant funding for buses*
- Tax Increment Revenue Bond \$4,000,000+
 - Secured by TID 3 revenues
 - Refinances
 1. 2017 TIRB
 2. 2018 TIRB
 3. 2019 Note Anticipation Note



Preliminary G.O. Bond Issue

Preliminary Debt Service and Capitalization Schedules

\$3,500,000 General Obligation Corporate Purpose Bonds, Series 2020

Year	Principal	Rate	Interest	Total P&I	Tax Levy Streets	TID 8	TID 11	Water	Sewer
2020									
2021	250,000	0.45%	37,593	287,593	205,600	37,557	12,358	19,569	12,509
2022	255,000	0.50%	36,183	291,183	209,593	37,373	12,298	19,473	12,448
2023	255,000	0.55%	34,844	289,844	208,595	37,215	12,245	19,394	12,395
2024	230,000	0.55%	33,510	263,510	182,619	37,050	12,190	19,311	12,340
2025	200,000	0.60%	32,278	232,278	151,760	36,878	12,133	19,225	12,283
2026	180,000	0.70%	31,048	211,048	130,953	36,683	12,068	19,128	12,218
2027	180,000	0.80%	29,698	209,698	130,090	36,458	11,993	19,015	12,143
2028	180,000	0.90%	28,168	208,168	129,113	36,203	11,908	18,888	12,058
2029	200,000	1.05%	26,308	226,308	137,939	40,884	11,810	23,715	11,960
2030	165,000	1.15%	24,309	189,309	101,765	40,499	11,700	23,495	11,850
2031	170,000	1.30%	22,255	192,255	100,663	40,070	16,545	23,250	11,728
2032	170,000	1.40%	19,960	189,960	99,448	39,598	16,343	22,980	11,593
2033	140,000	1.45%	17,755	157,755	68,383	39,099	16,129	22,695	11,450
2034	140,000	1.55%	15,655	155,655	67,483	38,574	15,904	22,395	11,300
2035	140,000	1.65%	13,415	153,415	66,523	38,014	15,664	22,075	11,140
2036	140,000	1.75%	11,035	151,035	65,503	37,419	15,409	21,735	10,970
2037	140,000	1.85%	8,515	148,515	64,423	36,789	15,139	21,375	10,790
2038	130,000	1.90%	5,985	135,985	68,250	36,133	-	21,000	10,603
2039	135,000	2.00%	3,400	138,400	66,983	40,400	-	20,610	10,408
2040	100,000	2.05%	1,025	101,025	65,666	-	-	20,205	15,154
Totals	3,500,000		432,936	3,932,936	2,321,346	722,891	231,832	419,532	237,335

9/4/2020

8



General Obligation vs. (TIF) Revenue Obligation

- G.O. debt secured by the City's full faith and credit & an irrevocable pledge to levy an amount unlimited by rate or amount to pay debt service
 - Other revenues can be used to pay debt service, but taxing authority is ultimate security for the debt if other revenues unavailable/insufficient
 - Limited by law to no more than 5% of total EV & 20 years in term from date of issue
- Revenue debt secured by a specific pledge of and lien against revenues and covenants to maintain sufficient revenues
 - Typically secured by utility revenues – can be also be TIF revenues
 - Total dollar amount not limited under statute
 - No specific pledge of taxing authority

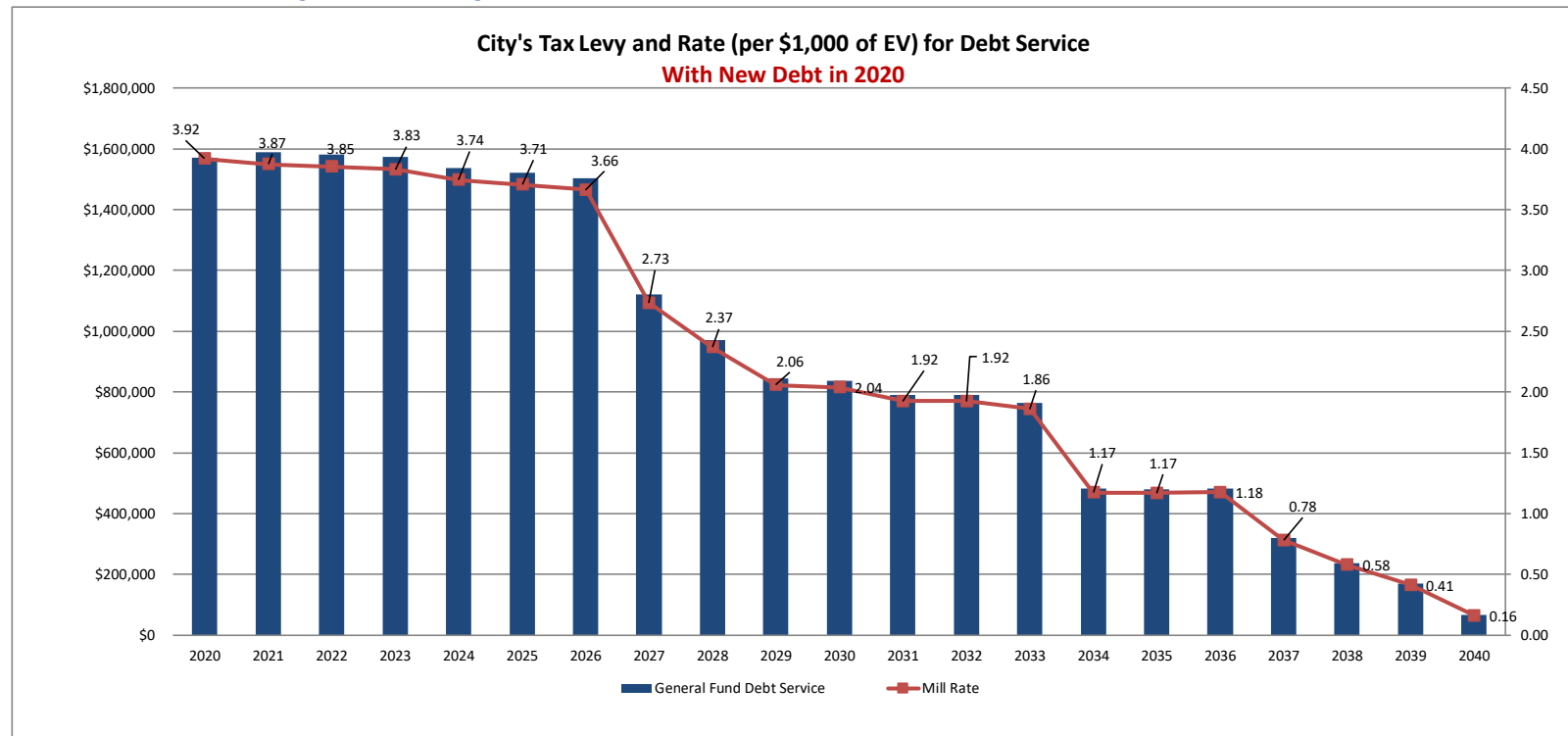


Impacts and Scenarios

- G.O. Borrowing Capacity
 - \$3,778,345 remaining (16%)
 - Back to 50% by 2025 based on scheduled principal payments
- Utilities are self-supporting
- TIDs 8 & 11 generating sufficient revenues to pay debt service
- Levy impact
 - Decisions can be made and debt structured in relation to anticipated tax impact



Preliminary Levy Impact



9/4/2020

11



TID 3 Impact - Projected

TID No. 3

District Classification Mixed-Use
 Creation Year 2005
 Creation Date 9/13/2005
 End of Expenditure Period 9/13/2020
 Maximum Life of District (Final Year) 9/13/2025
 Final Revenue Year 2026

2019 Audit
 Cash Balance: 194,111

YEAR			REVENUE						Expenses										BALANCE		
Construction Year	Valuation Year	Revenue Year	New Valuation	TID Value Increment	Tax Rate (\$s/\$1,000)	Projected Tax Revenue	Other Revenues	Total Projected Revenue	First Lien Debt Service				Subordinate Expenditures						Total Projected Expenses	Annual Balance	Cumulative Balance
									2017A Tax Inc. Rev. Bond	2018 \$1,724,000 Tax Inc. Rev. Bond	2020 Tax Inc. Rev. Bond	Rev. Pledge Debt Svc. Coverage	2016B G.O. Bonds	Transfer to TID No. 6	Transfer to TID No. 7	Transfer to TID No. 8	Admin. Expenses	Other Expenses			
2018	2019	2020	-	29,654,200	30.00	889,641	-	889,641	199,412	250,585		1.98	57,814	-	-	-	2,500	165,000	675,312	214,330	408,441
2019	2020	2021	-	32,885,900	30.00	986,594	-	986,594	REFUNDED	REFUNDED	742,169	1.33	54,899	-	-	-	2,500	169,500	969,068	17,526	425,967
2020	2021	2022	-	32,885,900	30.00	986,594	-	986,594			744,298	1.33	54,383	-	-	-	2,500	45,000	846,180	140,414	566,381
2021	2022	2023	-	32,885,900	30.00	986,594	-	986,594			743,423	1.33	53,866	-	-	-	2,500	45,000	844,789	141,806	708,187
2022	2023	2024	-	32,885,900	30.00	986,594	-	986,594			743,080	1.33	58,825	-	-	-	2,500	25,000	829,405	157,190	865,376
2023	2024	2025	-	32,885,900	30.00	986,594	-	986,594			742,243	1.33	57,778	-	-	-	2,500	-	802,521	184,073	1,049,450
2024	2025	2026	-	32,885,900	30.00	986,594	-	986,594			743,910	1.33	56,737	-	-	-	2,500	-	803,147	183,447	1,232,897

- 2020 Tax Increment Revenue Bonds Refinances:
 - 2017 TIRB
 - 2018 TIRB
 - 2019 Note Anticipation Note

Cash Flow
Remains
Positive

9/4/2020

12



Calendar

- **September 8** Council considers initial resolutions
Council authorizes interim note (buses)
- **October 13** Debt sales and award consideration
 - G.O. Bonds
 - Tax Increment Revenue Bond
 - Anticipation Finance (buses funded from grant)
- **Late October** Closing – all issues

City of Merrill - 2020 Budget Meetings

Preliminary Draft - 2020-09-03

The following budget meetings are suggested for discussion purposes:

Wednesday 9/23rd 5:15 p.m. Joint Redevelopment Authority (RDA) & Committee of Whole meeting

-Review and discussion of Tax Increment Districts (TIDs) including upcoming TID Plan Amendments and refinancing of Tax Increment District No. 3 Revenue Bonds

Week of 9/28th 5:15 p.m. What night?

-Garbage and Recycling (from Board of Public Works - 8/26/2020)

-If contracting and only serving residential properties, what is needed for Garbage Fee and Recycling Fee on Utility Bill?

-Consideration of new position requests

Week of 10/5th 5:15 p.m. What night?

-Consideration of 2021 Capital equipment/projects

-Infrastructure investments

-Utility (Landfill, Water, and Sewer)

-Tax Increment Districts (TIDs)

Friday 10/16th Wisconsin Department of Revenue

-WI Department of Revenue Assessment & Fair Market Ratio should be available about Friday, 10/16th - Needed to calculate Tax Rate which is the % shown on tax bills.

Week of 10/19th All day? Night meeting?

-Operational budgets - tax-levy supported departments

Tuesday 10/27th 5:15 p.m. at regular Personnel & Finance Committee meeting

-Any budget follow-up issues?

Tuesday 11/10th 6:00 p.m. at regular Common Council meeting

-Public Hearing and consideration of 2021 Budget Adoption and Tax Levy Ordinance

Attachment: 2021 Budget - Preliminary Schedule (5290 : Discuss potential 2020 budget meetings and dates)

Hayden, Tom

From: Unertl, Kathy
Sent: Sunday, August 23, 2020 7:15 PM
To: Hass, Steve; Woellner, Derek; Russell, Paul
Cc: Johnson, David; Hayden, Tom
Subject: 2021 Budget - Needed Policy Direction & Timeframe Suggestions

P&F Chair Hass: A number of policy discussions and decisions would assist in development of the 2021 budgets. Specifically:

-Garbage & recycling - continued Streets Department or private-sector contractor?

-Potential Garbage Fee and potential Recycling Fee (through Utility Bills)?

-Fiscal status of Tax Increment Districts (TIDs); potential refinancing options; and future directions? Recommend joint Redevelopment Authority (RDA) and Committee of Whole (COW) - target timeframe is second half of September with presentation from Ehlers & Associates.

-Capital Plan (for 2021 through 2025) which needs to be coordinated with Borrowing Plan and Borrowing Capacity? Recommend later in September (after TID joint meeting info).

-Operational Budgets - typically has been mid-October. Need to include discussions and decisions on following new position requests:

Wastewater Treatment Plant - fourth full-time Utility Operator

Fire Inspector - part-time Non-Union

Parks Laborer - third full-time position

Streets Department - decisions on garbage & recycling existing four employees?

Streets Department - need additional employee for concrete maintenance (deferred from 2020 due to COVID-19 uncertainty)

-Preliminary calculation of Tax Rate - Wisconsin Department of Revenue equated valuation information should be available about October 15th (or so).

-Common Council public hearing and adoption of 2021 budget ordinance - Tuesday, November 10th.

Look forward to everyone's assistance.

Kathy Unertl, Finance Director
 City of Merrill