CITY OF MERRILL

COMMITTEE OF THE WHOLE

AGENDA ● TUESDAY SEPTEMBER 3, 2019

Budget Session	**City Hall Council Chambers**	**5:00 PM**

I. Call to Order

II. Agenda Items:

1. Schedule for 2020 Budget Meetings
2. Overview of City Budgets and Ordinance Adoption Process
3. Review 2019 Equalized Valuations Information (Wisconsin Department of Revenue)
4. Revenue Overview and 2020 Projections
5. Planned $76,050 Debt Service reduction for 2020 Tax Levy
6. Review of 2019 Borrowing process and impact on future debt service tax levies

III. Public Comment

IV. Adjournment

City of Merrill - 2020 Budget Meetings

Besides the initial Tuesday, September 3rd meeting (at 5:00 p.m.) on Revenues, Debt Services, and 2019 borrowing the following Committee of Whole and Common Council meetings have been scheduled:

Tuesday 10/1st 5:15 p.m.

-Utility (Water, Sewer, and Landfill)

-Infrastructure investments

-Tax Increment District (TIDs)

Wednesday 10/2nd 5:15 p.m.

-Public Works and Street Department

Tuesday 10/8th 5:00 p.m. Before regular Common Council meeting

-Parks & Recreation, Festival Grounds, Outside Agencies, Police, and Fire/Ambulance

Wednesday 10/16th 5:15 p.m.

-Transit, Airport, Enrichment Center, Library, and General Government Departments

Tuesday 10/29th 5:30 p.m. After regular Personnel & Finance Committee

-Any budget follow-up issues? -if meeting needed

Tuesday 11/12th 7:00 p.m. at regular Common Council meeting

-Public Hearing and consideration of 2020 Budget Adoption and Tax Levy Ordinance

-WI Department of Revenue Assessment & Fair Market Ratio should be available about Friday, 11/1st - Needed to calculate Tax Rate which is the % shown on tax bills.

City of Merrill Budget Index - 2020

Department	Page No.	Department	Page No.	Department	Page No.
Committee of Whole - Wed. 10/2nd @ 5:15 p.m.		Committee of Whole - Tuesday, 10/8th @ 5:00 p.m.		Committee of Whole - Wed. 10/16th @ 5:15 p.m.	
		Parks & Rec Summary		Transit	
Public Works - Organizational Chart		Parks		Transit - Capital	
Street Commissioner		River Bend Trail (Operations)		Airport	
Public Works Director/City Engineer		Athletic Park Lights		Aviation Fuel	
Stormwater Plan/Construction		Ott's Field Lights		Airport - Capital	
Infrastructure - Capital		Recreation Programs			
Street Department Summary		MARC - Smith Center		Health Officer	
Street Superintendent		Aquatic Center		MEC - Enrichment Center	
Garage Maintenance		Parks - Capital		Library	
Operations Support (Formerly M&E)				Library - Capital	
Roads		Merrill Festival Grounds (Fund 24)			
Street Cleaning				Common Council	
Snow and Ice		Marketing - PR		Municipal Court	
Sealcoat (Borrowing - Capital)		CATV - MP3 (Fund 10)		City Attorney	
Stormwater Maintenance		CATV - MP3 (Fund 26)		Mayor	
Street Painting (Marking)		Outside Agencies		City Administrator	
Street Leave Expenses				Personnel - HR	
Garbage Collection		Police		City Clerk	
Recycling		Police - SRO (Fund 21)		Elections (AVERAGED)	
Weed and Nuisance Control		Police - Capital		Clerk/Treasurer Staff	
Decorations & Banners		Traffic Control		Treasurer/Finance Director	
Street Capital		Fire Protection - Hydrants		Information Technology	
Street Lighting		Fire Protection		IT - Capital - Fiber	
		Ambulance/EMS		Assessment of Property	
		Fire - Capital		Independent Auditing	
				Over-Collected Taxes	
				Insurance/Employee	
				City Sealer	
				City Maintenance	
				City Hall - Capital	
				Building Inspection/Zoning	
				Community Development (Fund 25)	
				Economic Development	

Revised: 8/27/2019

City of Merrill - Budget Overview

TAX LEVY SUPPORTED

General
Fund 10

Police - School Resource Officer
Fund 21

Merrill Festival Grounds
Fund 24

Community Development
Fund 25

Capital
Fund 52

TAX LEVY SUPPORTED

Debt Service
Fund 30

Tax Increment Districts (TIDs)

TIDs No. 3 to No. 12
Funds 40 - 49

Utility - Enterprise Funds

Water
Fund 62

Sewer
Fund 63

Part of General Fund

Landfill
Fund 20

CITY OF MERRILL

1004 EAST FIRST STREET
MERRILL, WI 54452

AN ORDINANCE: By Common Council

Re: Adopting the 2019 City of Merrill Budget and Establishing the Tax Levy for Year 2018.

ORDINANCE NO. 2018-16
Introduced: November 28, 2018
1st Reading: November 28, 2018
2nd Reading: November 28, 2018
3rd Reading: November 28, 2018
Committee/Commission Action:

AN ORDINANCE

The Common Council of the City of Merrill, Wisconsin, does ordain as follows:

Section 1. 2019 Budget. That the proposed 2019 budget of the City of Merrill, a summary of which is attached hereto as Exhibit A, and dated November 13, 2018, be and is hereby adopted.

Section 2. Non-Union Compensation. Included within said budget is 1.0% wage increases effective December 24, 2018 and June 24, 2019 for Non-Union employees except for a red-circled position, seasonal Limited Term Employees (LTEs) and Election Officials.

Section 3. Tax Levy. There is hereby levied a tax of $5,862,689 upon all taxable property within the City of Merrill as returned by the City Assessor in the year 2018 for the uses and purposes set for in said budget, plus the tax incremental levies associated with the City of Merrill's Tax Increment Finance Districts No. 3 through No. 12.

Section 4. Tax Roll. That the City Clerk shall be, and hereby is, authorized to prepare a tax roll for the City of Merrill for 2018 and spread the above stated tax upon said tax roll together with the tax levy amounts approved by other governmental units authorized to impose said tax levies on taxable properties within the City of Merrill. The City Clerk is further directed to sign a warrant for the collection of said tax.

Section 5. Expenditures. There is hereby appropriated out of the receipts of the City of Merrill for the year 2018 including monies received from the property tax levy, to the various funds and purposes set up in said 2019 budget, the sum of $18,219,710 as more fully set forth in said budget, exclusive of amounts budgeted for Tax Increment Finance Districts No. 3 through No. 12 and the Landfill, Water, and Sewer Utility Funds.

Section 6. Severability. In the event any section, subsection, clause, phrase or portion of this ordinance is for any reason held illegal, invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not affect the validity of the remainder of this ordinance. It is the legislative intent of the Common Council that this ordinance would have been adopted if such illegal provision had not been included or any illegal application had not been made.

Section 7. Repeal and Effective Date. All ordinances or parts of ordinances and resolutions in conflict herewith are hereby repealed. This ordinance shall take effect from and after its passage and publication.

Moved by: Alderman Norton

Adopted: November 28, 2018 6-2

Approved: December 4, 2018

Published: December 7, 2018

Approved:

Derek Woellner,
Mayor

Attest:

William N. Heideman,
City Clerk

APPENDIX A

CITY OF MERRILL
2019 BUDGET AND TAX LEVY

Budget Category - General Fund	2017 Budget	2018 Budget	2019 Budget	Difference	
Expenditures:					
General Government	$1,752,894	$1,885,558	$1,909,694	$24,136	
Public Safety	$5,066,899	$5,213,967	$5,298,860	$84,893	
Public Works	$2,984,475	$2,951,409	$2,962,351	$10,942	
Health and Human Service	$123,035	$140,510	$142,886	$2,376	
Culture and Recreation	$1,791,237	$1,811,717	$1,845,411	$33,694	
Conservation and Development	$61,200	$34,883	$35,193	$310	
Capital Outlay/Projects	$2,689,200	$2,237,100	$3,649,650	$1,412,550	
Debt Service Payments	$1,900,743	$1,848,900	$2,375,665	$526,765	
Total Expenditures	$16,369,683	$16,124,044	$18,219,710	$2,095,666	13.0%
Revenue:					
Property Tax - General Purposes	$4,041,133	$4,146,710	$4,190,036	$43,326	
Property Tax - SRO	$53,350	$55,236	$57,144	$1,908	
Property Tax - Community Dev.	$41,500	$14,683	$14,993	$310	
General Fund Offset	$0	$0	$50,000	$50,000	
Property Tax - Debt Service	$1,240,403	$1,401,207	$1,600,516	$199,309	
Other Funding - Debt Service	$98,099	$447,693	$859,237	$411,544	
Other Funding - Grant, N/L, or TIDs	$489,758	$343,805	$97,455	($246,350)	
Other Tax Revenue	$437,998	$503,179	$502,291	($888)	
Special Assessments	$110,000	$110,000	$110,000	$0	
Intergovernmental Revenue	$6,460,767	$6,601,968	$6,639,434	$37,466	
Licenses and Permits	$72,021	$77,746	$78,271	$525	
Law and Ordinance Violations	$115,500	$118,500	$117,500	($1,000)	
Public Charges for Services	$518,351	$540,767	$514,283	($26,484)	
Miscellaneous Revenue	$115,125	$104,050	$121,150	$17,100	
Prior Year & Non-GO Borrowing	$722,898	$145,000	$333,500	$188,500	
Federal Grant - Transit	$0	$0	$2,000,000	$2,000,000	
New Borrowing	$1,852,780	$1,513,500	$983,900	($529,600)	
Total Revenue	$16,369,683	$16,124,044	$18,219,710	$2,095,666	13.0%
			$0	Difference	

City of Merrill Tax Levy	2017 Budget	2018 Budget	2019 Budget	Difference	
General Purpose	$4,041,133	$4,146,710	$4,190,036	$43,326	1.04%
SRO - School Resource Officer	$53,350	$55,236	$57,144	$1,908	3.45%
Community Development	$41,500	$14,683	$14,993	$310	2.11%
Debt Service	$1,240,403	$1,401,207	$1,600,516	$199,309	14.22%
Total City of Merrill Tax Levy	$5,376,386	$5,617,836	$5,862,689	$244,853	4.36%
General Purpose - Detail:					
General (Fund 10)	$3,850,133	$3,955,710	$4,001,036	General (Fund 10)	
Festival (Fund 24)	$10,000	$26,000	$36,000	Festival (Fund 24)	
Capital (Fund 52)	$181,000	$165,000	$153,000	Capital (Fund 52)	
	$4,041,133	$4,146,710	$4,190,036		
Tax Levy - Without Debt Service	$4,135,983	$4,216,629	$4,262,173	$45,544	1.08%
				Non-Debt Service	

The above categorical amounts are based on the line item budget document as adopted by the Common Council on November 28, 2018 and incorporated by reference.

Katherine G. Unertl, Finance Director/Treasurer

Attachment: Overview City Budget-Ordinance (4453 : Overview of City Budgets and Ordinance Adoption Process)

CITY OF MERRILL
2019 BUDGET AND TAX LEVY

Tax Increment Districts (TIDs)

Expenditures:	2017 Actual	2018 Budget	2019 Budget	Difference
TID No. 3 - East Side	$2,300,283	$2,205,500	$3,494,366	$1,288,866
TID No. 4 - Thielman/Pine Ridge Area	$649,964	$183,902	$555,135	$371,233
TID No. 5 - State Hwy 107 Area	$7,751	$9,567	$9,780	$213
TID No. 6 - Downtown Area	$63,409	$166,135	$100,236	($65,899)
TID No. 7 - N. Center Ave. Area	$275,050	$47,867	$38,921	($8,946)
TID No. 8 - West Side Area	$84,870	$725,279	$125,952	($599,327)
TID No. 9 - WI River/S. Center Ave.	$570,999	$206,583	$61,725	($144,858)
TID No. 10 - Highway G/Fox Point	$18,595	$20,884	$21,707	$823
TID No. 11 - State Hwy 107/Rock Ridge	$932,832	$84,789	$198,834	$114,045
TID No. 12 - Weinbrenner Area	$12,056	$5,155	$142,025	$136,870
Total TID Expenditures	$4,915,809	$3,655,661	$4,748,681	$1,093,020

Revenue:	2017 Actual	2018 Budget	2019 Budget	Difference
TID No. 3 - East Side	$2,332,576	$2,063,889	$3,494,366	$1,430,477
TID No. 4 - Thielman/Pine Ridge Area	$810,416	$231,756	$668,535	$436,779
TID No. 5 - State Hwy 107 Area	$17,433	$16,774	$17,346	$572
TID No. 6 - Downtown Area	$268,525	$91,135	$100,236	$9,101
TID No. 7 - N. Center Ave. Area	$372,846	$47,867	$38,921	($8,946)
TID No. 8 - West Side Area	$287,040	$530,355	$125,952	($404,403)
TID No. 9 - WI River/S. Center Ave.	$448,498	$212,999	$4,750	($208,249)
TID No. 10 - Highway G/Fox Point	$49,598	$0	$0	$0
TID No. 11 - State Hwy 107/Rock Ridge	$1,031,134	$12,611	$211,568	$198,957
TID No. 12 - Weinbrenner Area	$0	$0	$156,775	$156,775
Total TID Revenues	$5,618,066	$3,207,386	$4,818,449	$1,611,063

Notes: Tax increment transfers from TID No. 3 to TIDs No. 6, 7, 8, and 9 are planned for 2019.

Landfill Remediation Fund - Operations

	2017 Actual	2018 Budget	2019 Budget	Difference
Revenues	$0	$0	$0	$0
Expenditures	$26,070	$27,500	$28,500	$1,000
Net (Revenue) or Cost	$26,070	$27,500	$28,500	$1,000

Note: Landfill Fund balance as of 12/31/2017 was $409,752. City General Fund (Pension) loan of $269,450 will have principal payments made beginning in 2021.

Water and Sewer Utility Funds

There are separate summaries for the Water Fund and the Sewer Fund. These are Enterprise Funds entirely funded by utility customers.

City of Merrill - Water Utility Budget Summary				Enterprise Fund	
There have been Simplified Water Rate increases as of 7/1st in 2015 and 2016 and as of 8/1st in 2017 authorized by the Wisconsin Public Service Commission (PSC). Pending potential 2018 rate adjustment.					
Finance Director has included Depreciation Adjustment to better reflect Water Utility cash flow.					
	2016	2017	2018	2019	Difference
Revenues	**Actual**	**Actual**	**Budget**	**Budget**	
New Borrowing - Pending Actual 2018 & 2019	$0	$0	**$0**	**$0**	$0
Utility Revenue - Cellular Towers/Jobbing	$93,823	$117,936	$100,106	$105,301	$5,195
Utility Revenue - Specials/Amortized	$0	($1,438)	($1,438)	($1,438)	$0
Public Charges - Services	$1,412,106	$1,442,456	$1,444,160	$1,453,410	$9,250
Miscellaneous Revenues	$18,799	$33,326	$19,800	$20,775	$975
Miscellaneous Revenues - Interest	$1,123	$2,365	$2,500	$4,000	$1,500
Other Financing Sources - Including TIDs	$163,111	$28,931	$0	$0	$0
Total Revenues	**$1,688,962**	**$1,623,576**	**$1,565,128**	**$1,582,048**	**$16,920**
Expenditures					
Capital Projects** & Work Orders - Utility	$577,500	$154,756	**$440,000**	**$285,000**	($155,000)
Pumping	$77,430	$73,210	$78,250	$79,750	$1,500
Water Treatment	$98,726	$54,650	$72,000	$62,000	($10,000)
Transportation & Distribution (Including Water Towers)	$239,369	$260,075	$253,250	$257,250	$4,000
Customer Accounts (Collection)	$66,710	$79,789	$69,500	$84,000	$14,500
Administration, General, & Depreciation	$637,142	$757,773	$688,131	$741,706	$53,575
Depreciation Adjustment	**($387,006)**	**($412,817)**	**($390,500)**	**($413,000)**	**($22,500)**
Contract Work	$2,070	$7,774	$3,500	$3,500	$0
Taxes (Including PILOT to City)	$376,007	$385,640	$381,500	$391,500	$10,000
Debt Service - Interest	$30,489	$28,465	$27,109	$25,019	($2,090)
Total Expenditures	**$1,718,437**	**$1,389,315**	**$1,622,740**	**$1,516,725**	**($106,015)**
Net Revenues minus Expenditures	**($29,475)**	**$234,261**	**($57,612)**	**$65,323**	**$122,935**
	2016	2017	2018	2019	Difference
Debt Service - Principal (Balance Sheet)	**$102,487**	**$104,483**	**$106,517**	**$108,592**	**$2,075**
Debt service for Water Treatment Improvements - Safe Drinking Water Loan Program (SDWLP) beginning in 2013.					
**Capital projects are reclassified as Assets during the year-end audit process. Shown in this analysis for informational purposes.					

Attachment: Overview City Budget-Ordinance (4453 : Overview of City Budgets and Ordinance Adoption

City of Merrill - Sewer Utility Budget Summary

Enterprise Fund

Annual 2.5% rate increases for 2018 through 2021 were approved by Merrill Common Council on 12/12/2017 (Ordinance 2017-32).

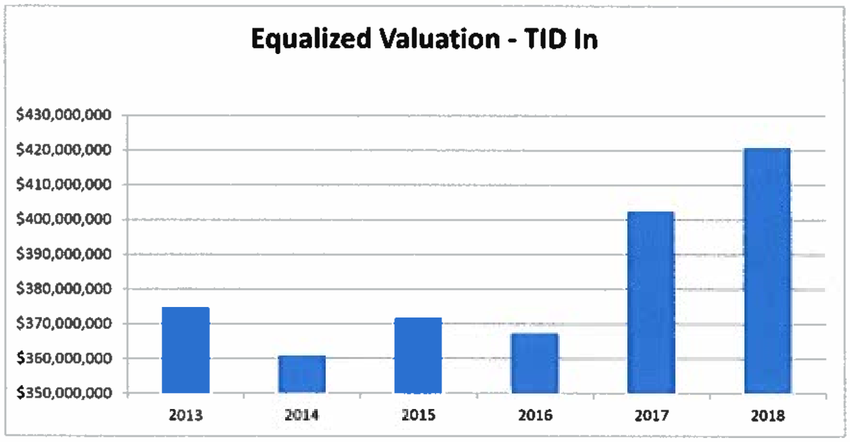
Finance Director has included Depreciation Adjustment to better reflect Sewer Utility cash flow.

There is designated a **Sewer Replacement Fund** which will be used for some capital equipment and facility improvements.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Difference
Revenues					
New Borrowing - Pending Actual 2018 & 2019	$0	$0	**$0**	**$0**	$0
Sewage Replacement Fund	**$227,314**	**$282,433**	**$420,000**	**$95,000**	**($325,000)**
Utility Revenue - Contracts/Interest	$7,384	$12,035	$4,750	$10,000	$5,250
Utility Revenue - Sale of Equipment	$0	$0	$150,000	$0	($150,000)
Utility Revenue - Interest	$9,016	$11,457	$9,000	$9,000	$0
Utility Revenue - BAB Federal	$594	$479	$430	$275	($155)
Other Financing Sources (Including TIDs)	$206,456	$0	$20,000	$0	($20,000)
Public Charges - Services	$1,474,154	$1,465,098	$1,490,000	$1,484,000	($6,000)
Other Charges - Services	$100,942	$115,813	$90,000	$110,000	$20,000
Total Revenues	**$2,025,860**	**$1,887,315**	**$2,184,180**	**$1,708,275**	**($475,905)**
Expenditures					
Capital Projects** & Work Orders - Utility	$559,606	$333,134	**$1,270,000**	**$390,500**	($879,500)
Contract Work	$0	$442	$500	$500	$0
Taxes - Social Security/Medicare	$32,031	$32,143	$32,500	$33,500	$1,000
Operations	$275,637	$277,000	$283,000	$276,250	($6,750)
Maintenance	$253,599	$246,891	$270,072	$273,072	$3,000
Customer Accounts (Collection)	$77,307	$98,431	$93,500	$100,500	$7,000
Administration, General, & Depreciation	$386,960	$448,675	$440,400	$451,150	$10,750
Taxes & Depreciation on Plant	$272,717	$298,828	$278,500	$278,500	$0
Depreciation Adjustment	**($352,024)**	**($378,135)**	**($358,000)**	**($358,000)**	**$0**
Tax Equivalent - Meters	$6,316	$9,716	$6,500	$7,500	$1,000
Transfers (Amortization/Debt Service Interest)	$5,456	$3,600	$3,000	$2,750	($250)
Total Expenditures	**$1,517,605**	**$1,370,725**	**$2,319,972**	**$1,456,222**	**($863,750)**
Net Revenues minus Expenditures	**$508,255**	**$516,589**	**($135,792)**	**$252,053**	**$387,845**
	2016	**2017**	**2018**	**2019**	Difference
Debt Service - Principal (Balance Sheet)	**$31,505**	**$35,496**	**$36,043**	**$38,000**	**$1,957**

**Capital projects are reclassified as Assets during the year-end audit process. Shown in this analysis for informational purposes.

City of Merrill - Equalized Valuations **TID = Tax Increment Districts**

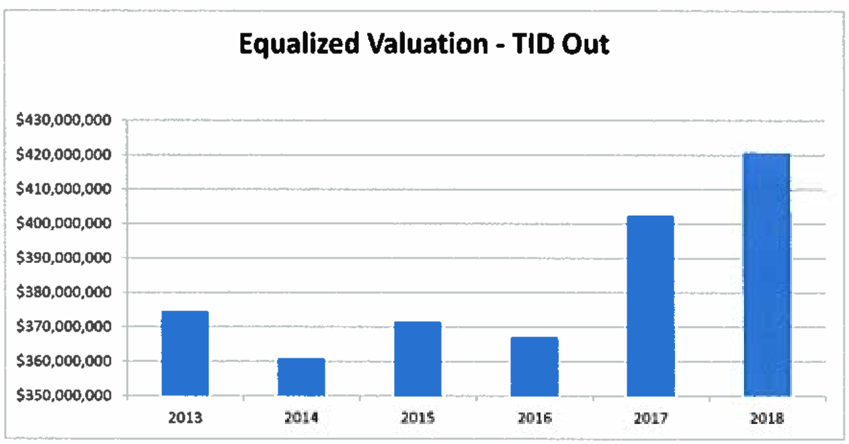


Equalized Valuation - TID In:

		Difference	% Change	
2013	$374,530,100	($20,709,300)	-5.24%	
2014	$360,801,800	($13,728,300)	-3.67%	
2015	$371,510,700	$10,708,900	2.97%	
2016	$367,161,200	($4,349,500)	-1.17%	Reassessment 1/1/2016
2017	$402,356,200	$35,195,000	9.59%	
2018	$420,695,800	$18,339,600	4.56%	
2019	$445,884,400	$25,188,600	5.99%	

Change 2013 to 2019 19.05%

Source: Wisconsin Department of Revenue



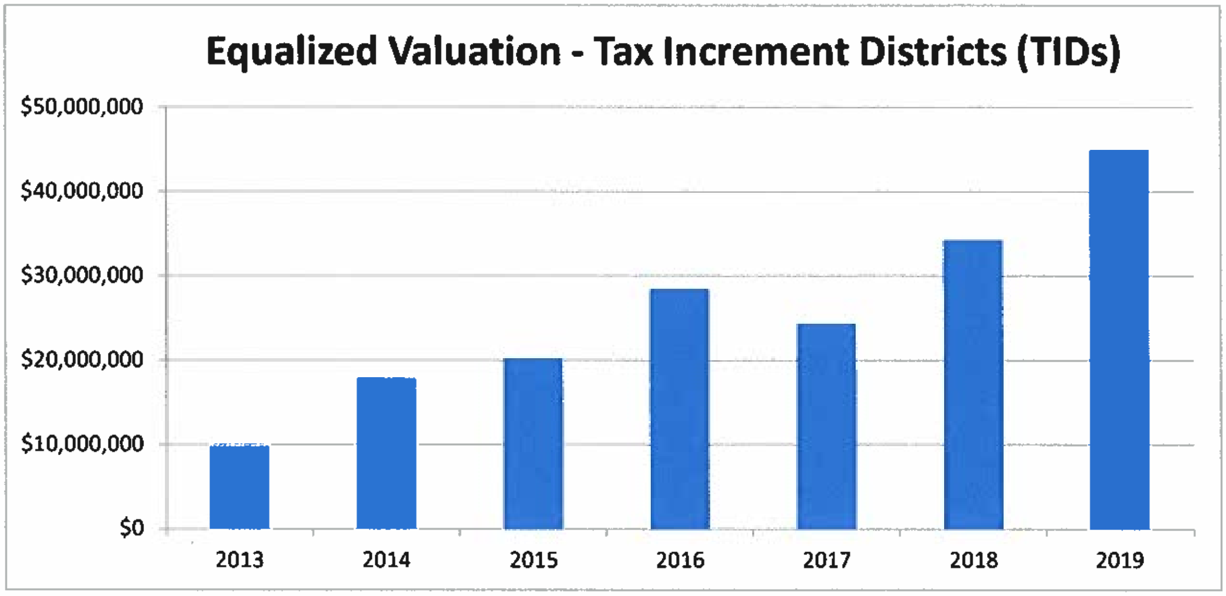
Equalized Valuation - TID Out:

		Difference	% Change	
2013	$364,710,300	($20,389,100)	-5.16%	
2014	$342,911,400	($21,798,900)	-5.98%	
2015	$351,277,000	$8,365,600	2.44%	
2016	$338,734,800	($12,542,200)	-3.57%	Reassessment 1/1/2016
2017	$377,987,600	$39,252,800	11.59%	
2018	$386,401,400	$8,413,800	2.23%	
2019	$400,888,300	$14,486,900	3.75%	

Change 2013 to 2019 9.92%

Source: Wisconsin Department of Revenue

City of Merrill - Equalized Valuations



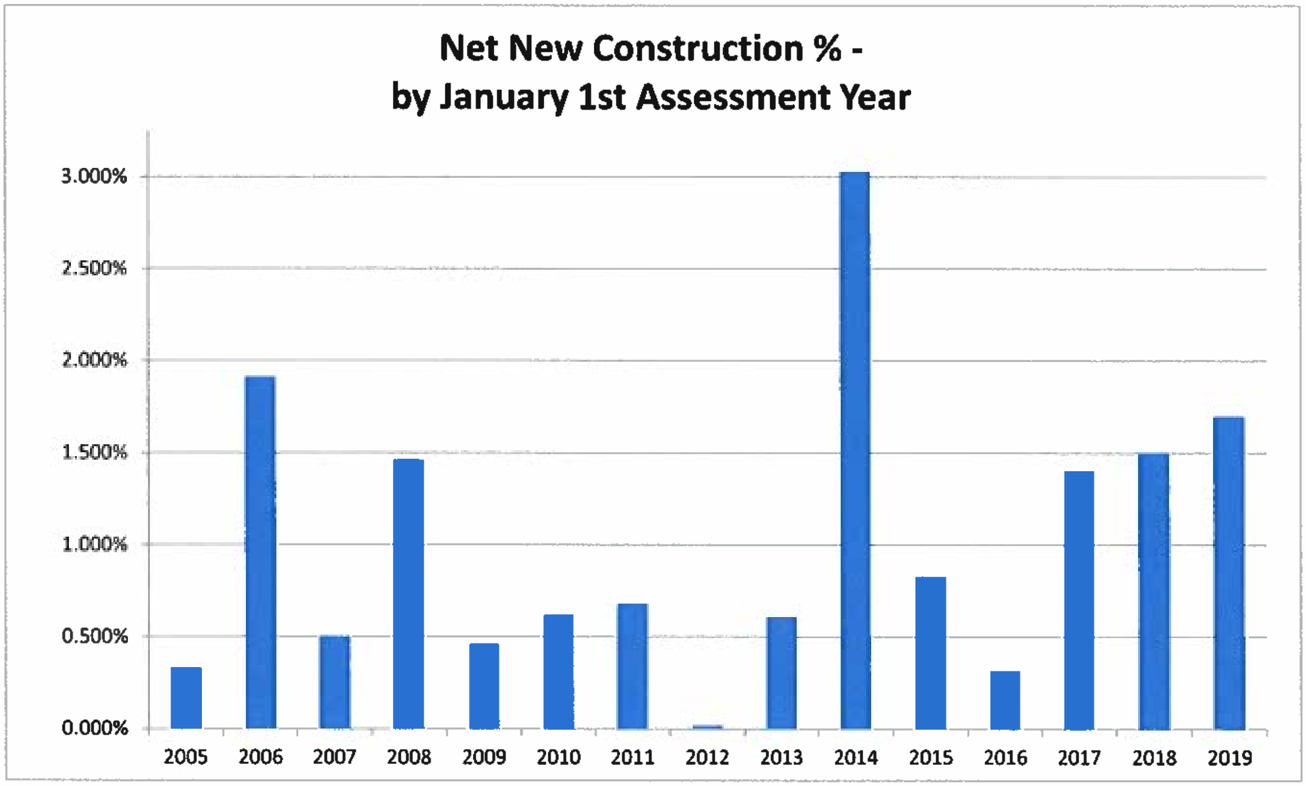
Equalized Valuation - TIDs:

		Difference	% Change	
2013	$9,819,800	($320,200)	-3.16%	
2014	$17,890,400	$8,070,600	82.19%	
2015	$20,233,700	$2,343,300	13.10%	
2016	$28,426,400	$8,192,700	40.49%	Reassessment as of 1/1/2016
2017	$24,368,600	($4,057,800)	-14.27%	
2018	$34,294,400	$9,925,800	40.73%	
2019	$44,996,100	$10,701,700	31.21%	

Change 2013 to 2019 358.22%

Source: Wisconsin Department of Revenue

City of Merrill — Net New Construction - Historical



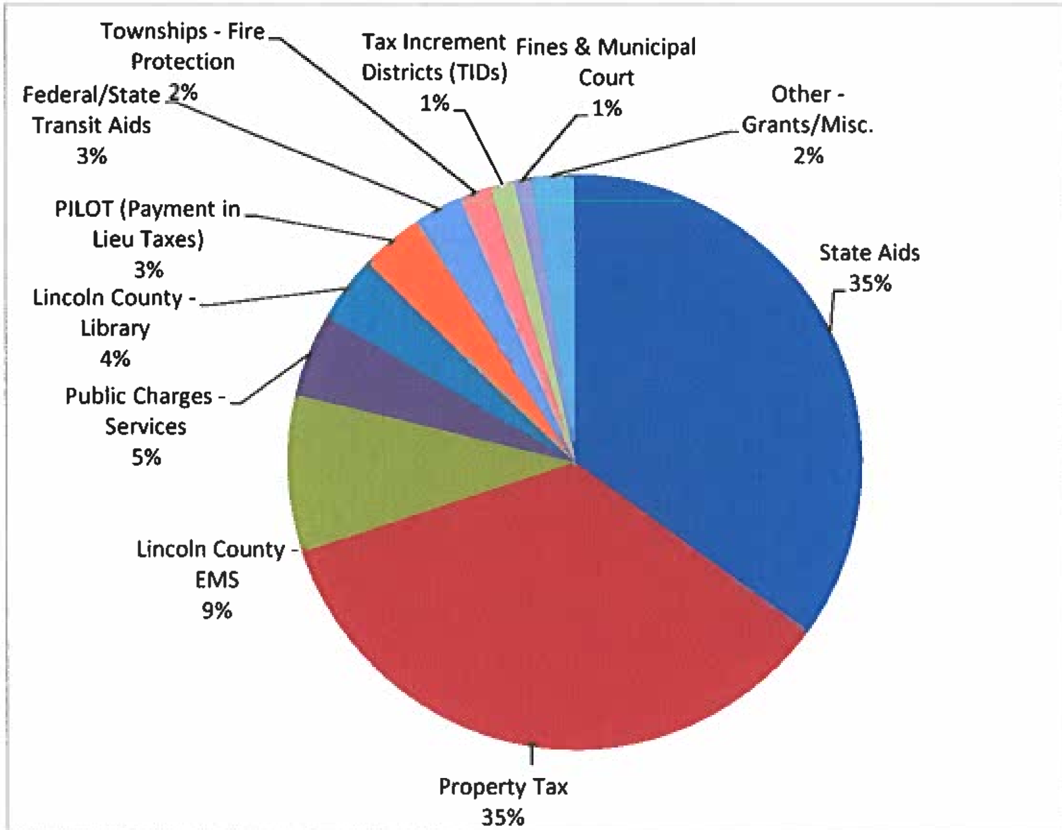
Source: Wisconsin Department of Revenue

Levy Year	City Budget Year	Net New Construction	**Developments**
2005	2006	0.334%	
2006	2007	1.913%	Church Mutual Addition
2007	2008	0.500%	
2008	2009	1.463%	Lincoln Community Bank, Dave's County Market expansion, etc.*
2009	2010	0.463%	
2010	2011	0.620%	
2011	2012	0.680%	
2012	**2013**	**0.019%**	
2013	2014	0.608%	
2014	2015	3.028%	New Wal-Mart - S. Pine Ridge Ave.
2015	2016	0.830%	
2016	2017	0.320%	
2017	2018	**1.404%**	Nortrax & Eastgate Apartments
2018	2019	**1.501%**	Rock Ridge Apartments - Phase 1
2019	2020	**1.700%**	One Way Collision & Rock Ridge - Phase 2

*Additional 2007 construction: Heritage Ct. 4-plex condos, Jackson St. Apartments, and Mitchell Metal expansion

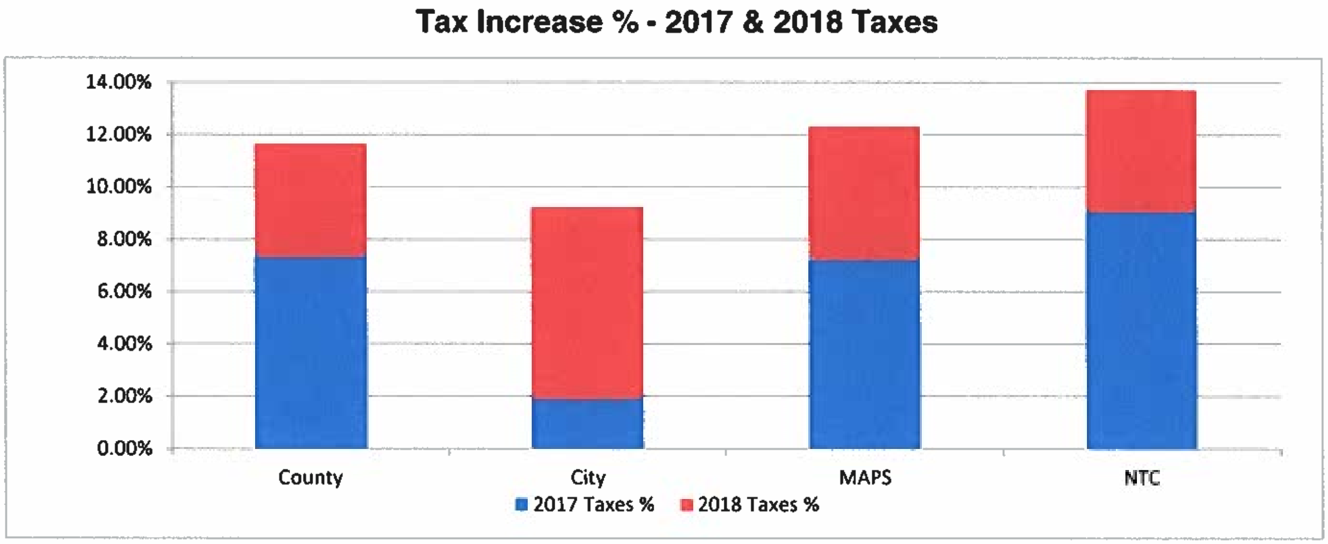
City of Merrill - 2019 Budget Revenues

General Fund - Tax-Levy Supported
(Without Debt Service Tax Levy)



State Aids	$4,191,700	
Property Tax	$4,190,036	
Lincoln County - EMS	$1,059,247	
Public Charges - Services	$557,075	
Lincoln County - Library	$449,305	
PILOT (Payment in Lieu Taxes)	$432,112	Water Utility & Merrill Housing Authority
Federal/State Transit Aids	$325,000	
Townships - Fire Protection	$217,548	
Tax Increment Districts (TIDs)	$165,000	
Fines & Municipal Court	$117,500	
Other - Grants/Misc.	$281,536	
	$11,986,059	

Lincoln County Land Records - Real Estate Taxes



	Lincoln County	City of Merrill	Merrill Area Public Schools	Northcentral Tech College
2017	7.33%	1.90%	7.21%	9.05%
2018	4.34%	7.35%	5.10%	4.68%
Total - 2017 & 2018	11.67%	9.25%	12.32%	13.73%

City of Merrill - 2018 Tax Levy & Tax Rate Impact of $76,050 to Debt Service Fund

Tax Levy - 2018		% Change	
City Tax Levy Increase	$168,803	3.00%	Target*
Actual City Tax Levy Increase	$244,853	4.36%	
Difference in Tax Levy Amount	$76,050		

*After Mayor Derek Woellner's 2018 budget veto

TID = Tax Increment Districts

Fiscal Impact - 2018 Tax Bills	
Assessed Valuation (TID In)	$407,643,570
Debt Service Amount	$76,050
Tax rate impact per $1,000 Assessed Valuation	**$0.19**
Tax bill impact on $50,000 Assessed Valuation	$9.33

For 2019 tax levy (2020 budget), there will be debt service tax levy adjustment for this amount.

City of Merrill Borrowing & Debt Service Background

The following information is provided as background with focus upon 2015 through 2019 pending borrowing. The focus is on General Obligation – Tax Levy-Supported borrowing and debt service.

- The overall City of Merrill Outstanding Debt Service Principal has increased since 2014 as shown on page DS-2.

  With the significantly improved fiscal position of the Tax Increment Districts (TIDs), the City began issuing Tax Increment Revenue Bonds in 2016.

- Page DS-3 provides a historical comparison of Principal Payments to New Borrowing. The detail for 2014 through 2018 capital expenditures is shown on pages DS-4 and DS-5.

- Tax Increment District (TID) borrowing for 2016 through 2018 is detailed on page DS-6. All TID Debt Service is structured around the lifespan of the various Tax Increment Districts (TIDs). As shown on page DS-7, there is no TID No. 3 debt service beyond 2026 which is the normal termination timeframe for the TID.

- Pages DS-8 and DS-9 highlight the 2019 budgeted/planned capital expenditures and borrowing amounts.

  Representatives from Ehlers & Associates will be at the Tuesday, September 3rd Committee of Whole meeting with information on 2019 borrowing process and impact on future debt service equalized tax levies.

Prepared by: Finance Director Kathy Unertl 2019-08-30

City of Merrill - Outstanding Debt Service Principal

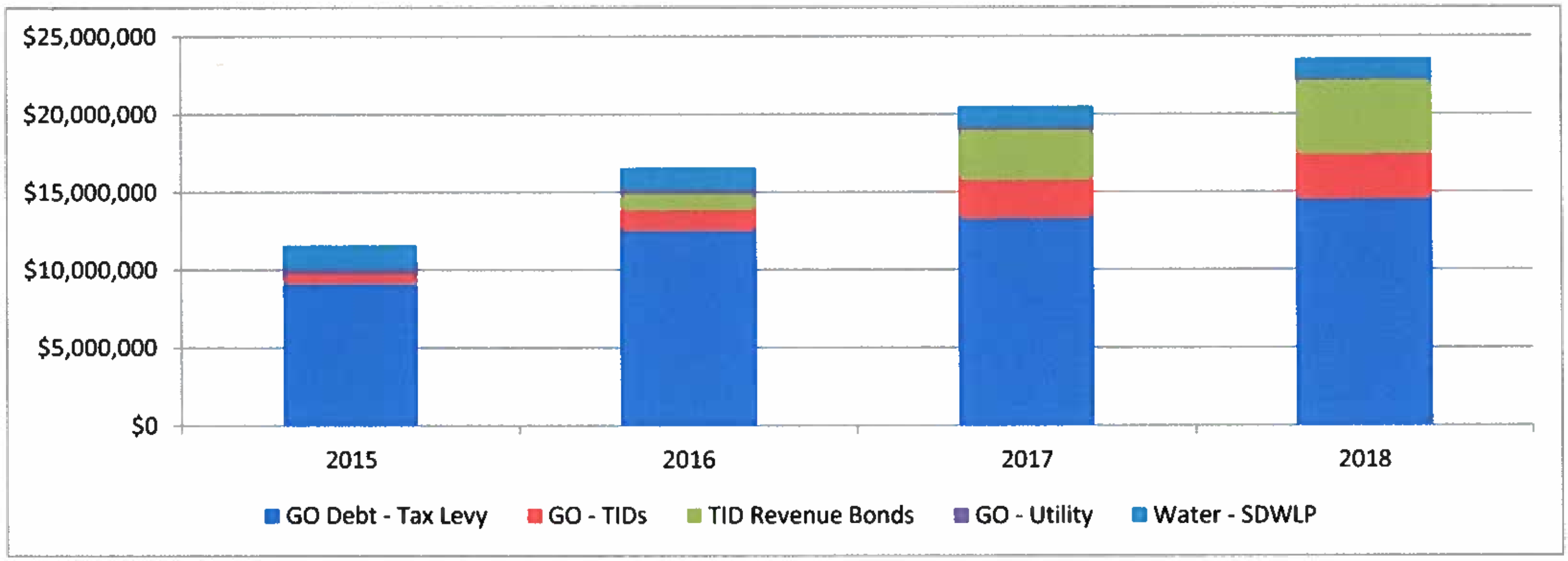
Sources: Note C - City of Merrill Annual Financial Reports 2015 - 2018 and Debt Service Schedules

There are different revenue sources to pay Principal and Interest Debt Service, Including:

GO Debt Tax Levy = General Obligation Debt with Principal and Interest Payments on Tax Levy

Utility Bills cover GO Debt - Utility Fees and SWDLP* (Water)

Tax Increment Districts (TIDs) cover GO Debt - TIDs and TID Revenue Bonds

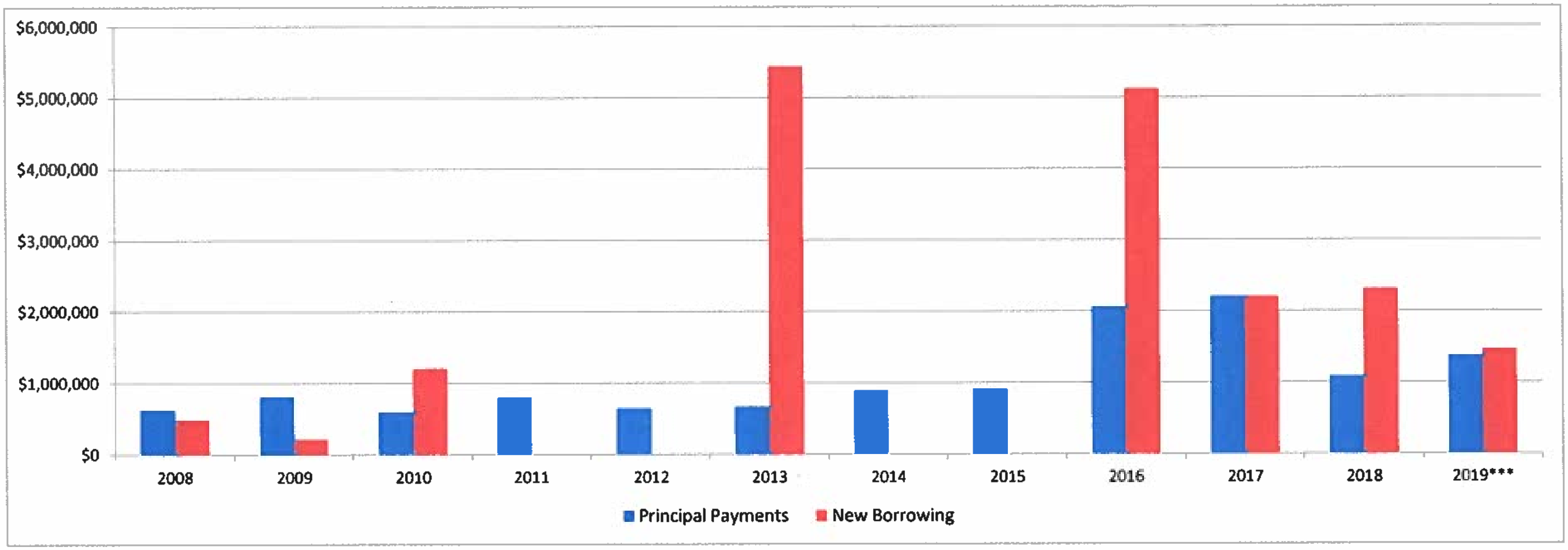


	GO Debt - Tax Levy	GO Debt - Utility Fees	SWDLP* Water Bills	GO Debt - TIDs	TID Revenue Bonds	Total Outstanding Principal
2015	$9,036,140	$331,508	$1,529,032	$678,140	$0	$11,574,820
2016	$12,460,569	$219,398	$1,452,149	$1,334,023	$1,080,000	$16,546,139
2017	$13,259,332	$166,232	$1,373,786	$2,462,703	$3,220,000	$20,482,053
2018	$14,483,347	$111,998	$1,293,915	$2,901,202	$4,743,000	$23,533,462

*Safe Water Drinking Loan Program (SWDLP)

City of Merrill - Tax Levy-Supported General Obligation (GO) Debt Service

Principal payments compared to new borrowing



2013 Fire Station @ $3,537,872

Please see separate detail on 2016 through 2019 borrowing

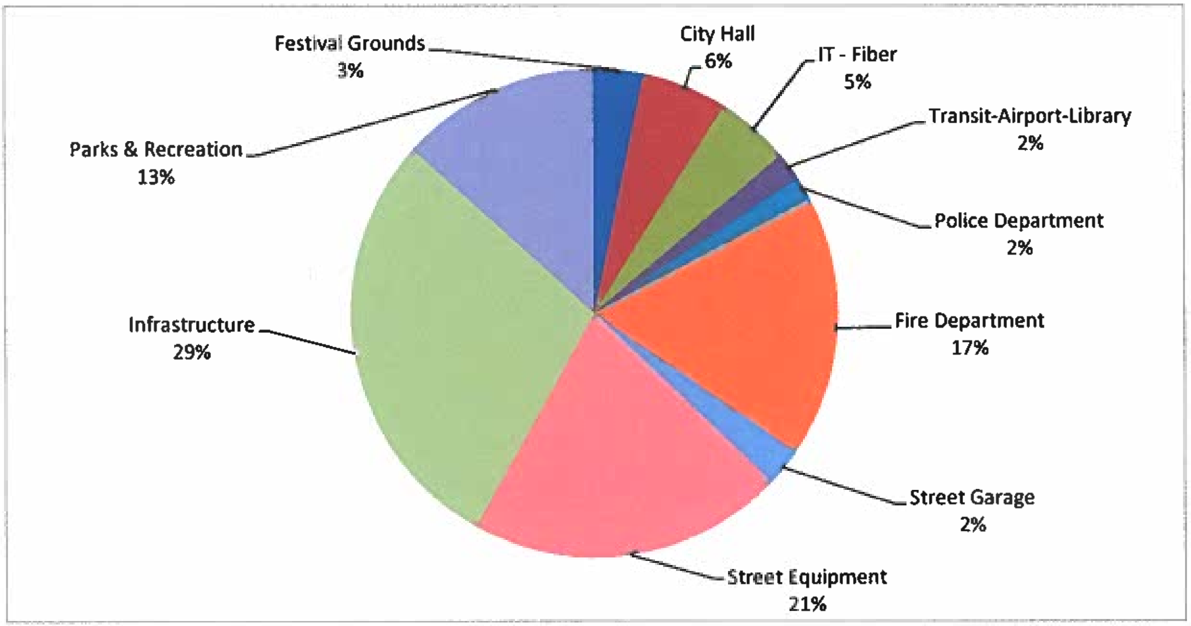
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019***
Principal Payments	$623,436	$809,085	$593,254	$797,241	$636,988	$663,521	$889,429	$903,919	$2,060,000	$2,200,000	$1,080,963	$1,362,757
New Borrowing - GO	$485,000	$216,500	$1,203,925	$0	$0	$5,438,345	$0	$0	$5,113,528	$2,200,000	$2,305,000	$1,456,200

***2019 - Paid off $148,355 Principal on STF Pension Loan

DS-3

City of Merrill - General Obligation (GO) Borrowing Categories

Borrowing Purpose, 2014 - 2018



Note: City internally cash-flowed 2014 and 2015 capital until borrowing in 2016.

Principal and interest debt service being paid for by City Debt Service Tax Levy

Amount	Departments/Purpose
$263,000	Festival Grounds
$445,740	City Hall
$392,001	IT - Fiber
$145,000	Transit-Airport-Library
$130,000	Police Department
$1,378,236	Fire Department
$200,000	Street Garage
$1,667,911	Street Equipment
$2,270,387	Infrastructure
$1,057,166	Parks & Recreation
$7,949,441	**Total**

City of Merrill - General Obligation (GO) Borrowing Categories

Borrowing Purpose, 2014 - 2018

	Festival Grounds	City Hall	IT - Fiber	Transit, Airport, & Library	Police - Software & Radios	Fire - Trucks & Tyler House	Streets - Roof	Streets - Equipment	Streets - Sidewalk & Streets	Parks & Rec	Total GO Borrowing
2014		$33,225						$228,839	$405,714	$37,800	$705,578
2015		$74,515					$200,000	$303,572	$516,274	$135,366	$1,229,727
2016		$58,000		$115,000		$160,000		$367,000	$745,000	$234,000	$1,679,000
2017	$178,000	$105,000	$75,000	$30,000		$1,125,000		$248,500	$298,500	$50,000	$2,110,000
2018	$85,000	$175,000	$317,001		$130,000	$93,236		$520,000	$304,899	$600,000	$2,225,136
Total	**$263,000**	**$445,740**	**$392,001**	**$145,000**	**$130,000**	**$1,378,236**	**$200,000**	**$1,667,911**	**$2,270,387**	**$1,057,166**	**$7,949,441**

Note: City internally cash-flowed 2014 and 2015 capital until borrowing in 2016.

Festival Grounds: Portion of Merrill Enrichment Center and parking lot in 2017. New restroom by grandstand in 2018.

City Hall: HVAC (i.e. heating and cooling) improvements.

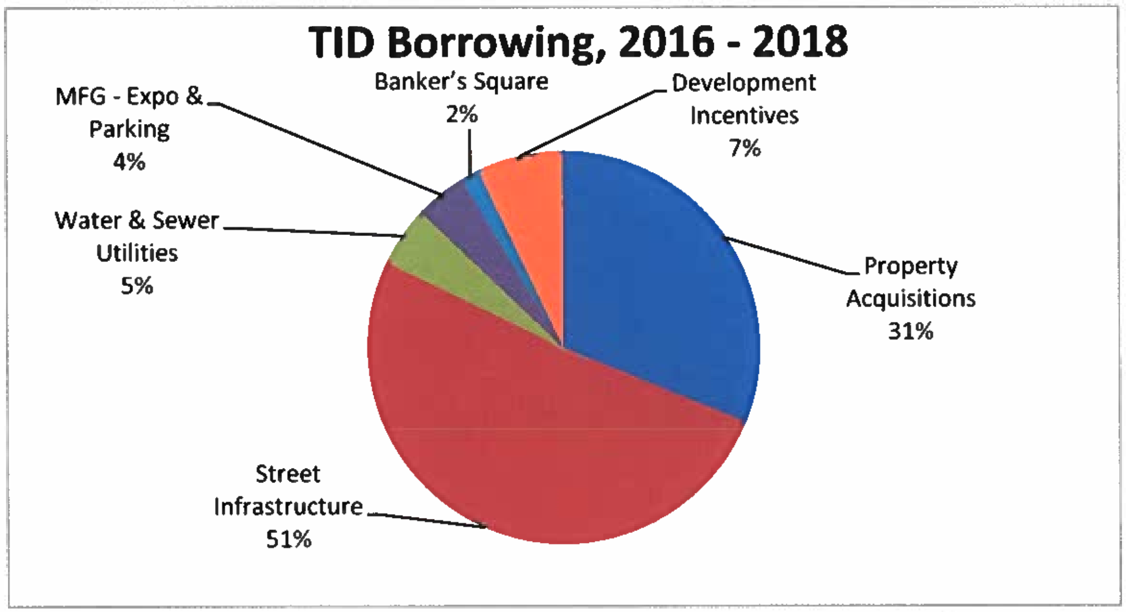
IT - Fiber: Connections to all City of Merrill government facilities with projected future savings.

Fire: Brush truck in 2016 and Aerial truck in 2017. Tyler Street house purchase/demo in 2018 to expand Fire Station parking lot.

Parks & Rec: Accessibility (ADA) improvements in 2015 and 2016. Parks tractor/mower and Smith Center HVAC improvements in 2016.
Portion of Normal Park restroom/concession building in 2017.
Stange Park improvements $400,000 and Athletic Park Field Lights $200,000 in 2018.

DS-5

City of Merrill - Tax Increment District (TID) Borrowing

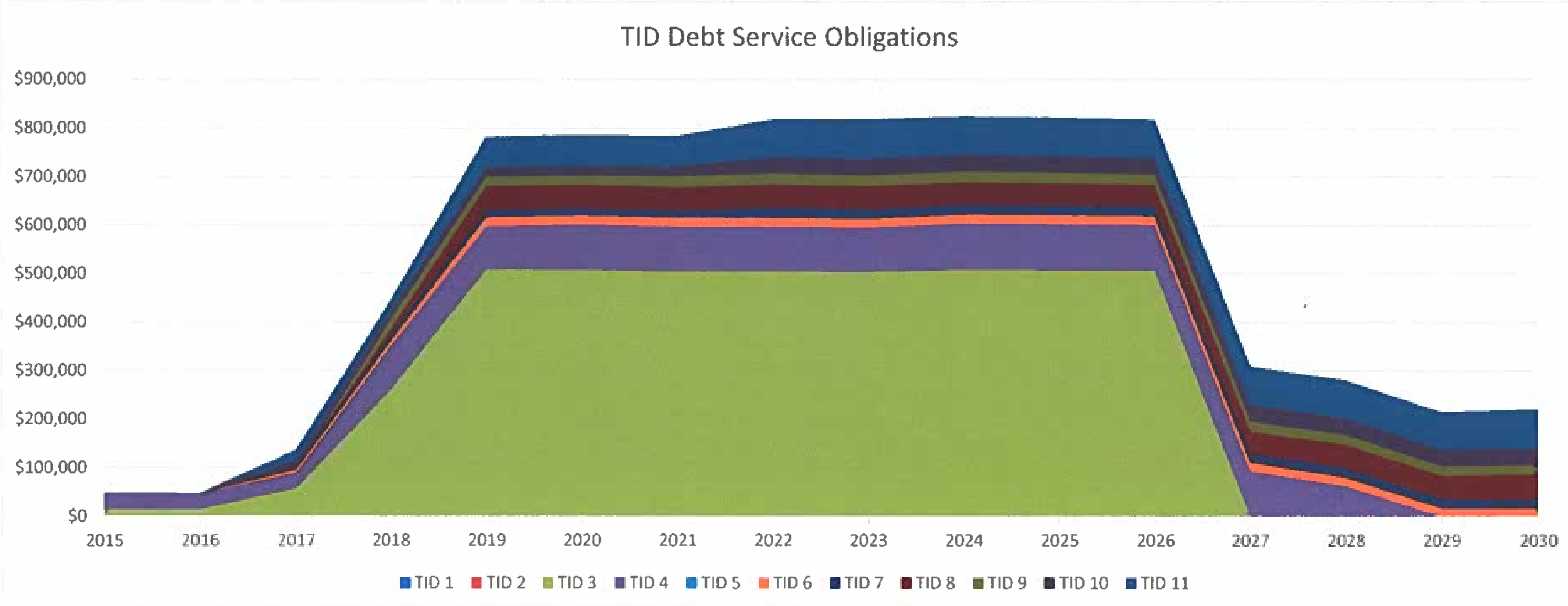


	2016	2017	2018	Total
Property Acquisitions	$695,000	$1,499,000	$0	$2,194,000
Street Infrastructure	$544,704	$1,081,000	$1,970,850	$3,596,554
Water & Sewer Utilities	$119,500	$0	$228,150	$347,650
MFG - Expo & Parking	$0	$300,000	$0	$300,000
Banker's Square	$0	$0	$105,000	$105,000
Development Incentives	$0	$500,000	$0	$500,000
Total	**$1,359,204**	**$3,380,000**	**$2,304,000**	**$7,043,204**

MFG = Merrill Festival Grounds

Principal and interest debt service being paid for by Tax Increment Districts (TIDs).

City of Merrill - Tax Increment District (TID) Debt Service **Existing Debt Service as of 12/31/2018**



Note: Existing Debt Service extends through 2038

City of Merrill - 2019 Borrowing/Capital
Series 2019

			Budget Amount	Projected 2019	Difference	Borrowing Amounts: Notes	Bonds	
Streets	Seal Coating		$55,000.00	$55,000.00	$0.00		$55,000.00	
Streets	M2019-03 - Jackson St. & Cleveland St.		$173,400.00	$300,000.00	$126,600.00		$300,000.00	
Streets	Sidewalk/Concrete	Bid Rejected	$95,000.00	$0.00	($95,000.00)			
Streets	Grader	Replacement	$255,000.00	$226,476.40	($28,523.60)		$225,000.00	
Streets	Pneumatic Roller	New Unit - Used	$90,000.00	$76,680.00	($13,320.00)		$75,000.00	Streets
Streets	Garage Rehab	Exterior (Windows/Walls)	$200,000.00	$200,000.00	$0.00		$200,000.00	Building
Parks	Smith Center	Dehumidifiers	$65,000.00	$65,000.00	$0.00		$65,000.00	
Parks	Athletic Park	Parking Lot - Curb & paving	$50,000.00	$50,000.00	$0.00		$50,000.00	
Parks	Athletic Park	Tuckpointing-Historical Walls	$20,000.00	$20,000.00	$0.00		$20,000.00	
Parks	Pickup/Plow Truck	Replacement	$45,000.00	$35,781.00	($9,219.00)		$35,000.00	Parks
Fire	Parking Lot	Curb, paving, and lighting	$20,000.00	$20,000.00	$0.00		$20,000.00	Parking
IT	Fiber Network	City - Phase 2	$200,000.00	$150,000.00	$50,000.00	$150,000.00		
Police	Radio Repeater	Replacement (1994 Unit)	$16,200.00	$16,200.00	$0.00	$16,200.00		
City Hall	Chillers	Replacements (1993 Units)	$100,000.00	$85,769.00	$14,231.00	$85,000.00		
Library	Control Valves	Replacements (2001)	$28,000.00	$25,000.00	($3,000.00)		$25,000.00	
Library	Roof Top HVAC	Replacements (2001 Units)	$0.00	$135,000.00	$135,000.00		$135,000.00	Library
Transit	Buses	Loan Share (8/2020 Delivery	$500,000.00	$0.00	($500,000.00)	Will be 2020 @ $288,000		
		Total - GO Tax-Levy	**$1,912,600.00**	**$1,460,906.40**	**($323,231.60)**	**$251,200.00**	**$1,205,000.00**	

Fund 62 - Water Infrastructure	Projected 2019	Notes	Bonds	
Carryover 2018-04 - E. 2nd St. & surrounding	$150,000		$150,000	
M2019-03 - Jackson St. & Cleveland St.	$175,000		$175,000	
Total - Water	**$325,000**		**$325,000**	Water

Fund 63 - Sewer Infrastructure				
Carryover 2018-04 - E. 2nd St. & surrounding	$125,000		$125,000	
M2019-03 - Jackson St. & Cleveland St.	$100,000		$100,000	
Total - Sewer	**$225,000**		**$225,000**	Sewer

Total - GO **$251,200.00** **$1,755,000.00**

City of Merrill - Tax Increment Districts (TIDs)
Series 2019 - TID Revenue Bonds

TID No. 3	Infrastructure Projects Including:		
	M2019-01 E. Main St., Sidewalk, River Bend Trail		$1,100,000
	Thielman Street Streetlighting		$55,000
	E. 2nd St. - Merrill Festival Grounds		$75,000
	M2019-04 E. Main St./Logan Ave./Sturdevant St.		$520,000
	Land Purchase - Pending RDA 9/4/2019		$150,000
		Total	**$1,900,000**
TID No. 12	Infrastructure - Logan St./E. 6th St.	**Total**	**$125,000**