

## **PUBLIC NOTICE**

PUBLIC NOTICE is hereby given that a special meeting of the Common Council of the City of Platteville shall be held on Monday, October 17, 2016 at 6:00 PM in the Police Department Conference Room, 165 N. 4<sup>th</sup> Street, Platteville, WI.

### **COMMON COUNCIL AGENDA**

- I. CALL TO ORDER**
- II. ROLL CALL**
- III. WORK SESSION – Budget Review Session [10-11-16]**
- IV. ADJOURNMENT**

*If your attendance requires special accommodation, write City Clerk, P.O. Box 780, Platteville, WI 53818 or call (608) 348-9741 Option 6.*

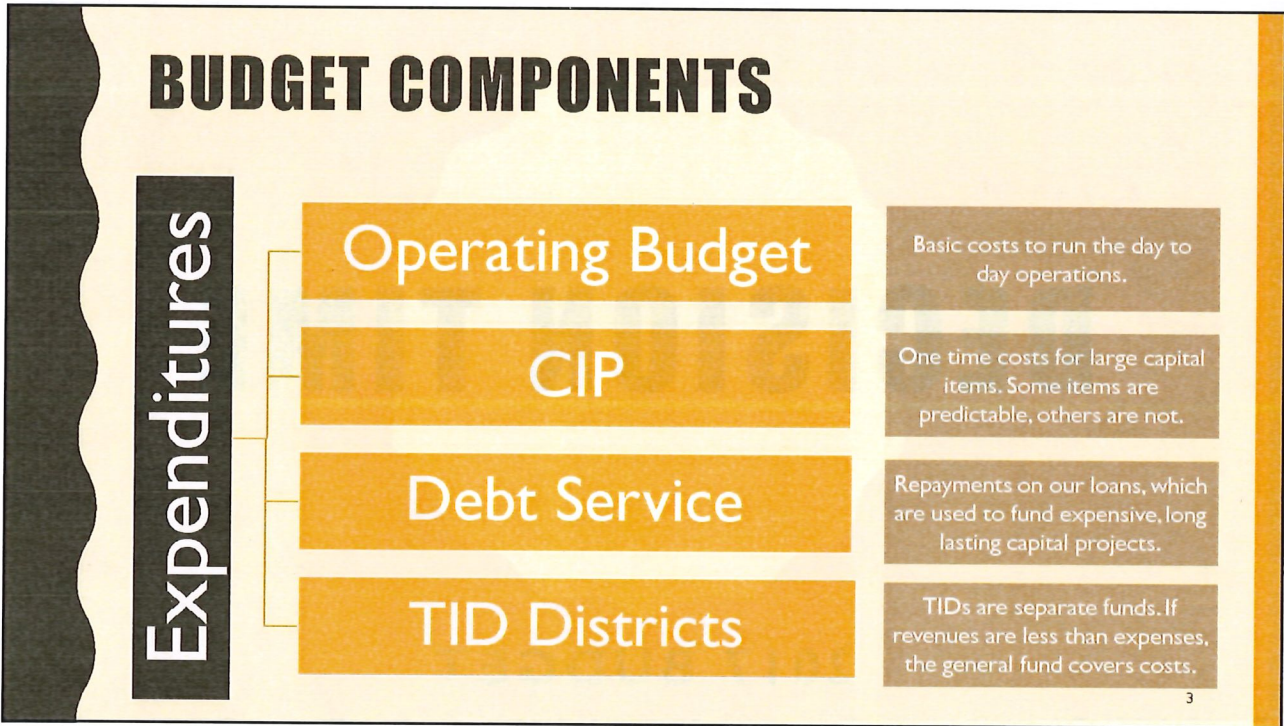


## BUDGET BASICS

The City must create a budget where revenues equal expenditures

Revenues	Expenditures
Borrowing	TID Shortfalls
State Aid	Capital Expenses (CIP)
Fees	Debt Service
Taxes	Operating Expenses

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# OPERATING BUDGET

**Rule: One time revenues should not be used to balance the operating budget**

Two options to balance budget :

- Increase revenue
- Decrease expenses

**Personal Equivalent:**

Your monthly pay must cover your ongoing personal expenses (utilities, food, clothes etc...).

Using one time revenues to balance your budget is like winning \$500 in the lottery and leasing a car with a monthly payment of \$500. You can cover the expense for one month but you will not be able to cover the expense next month unless you win the lottery again.

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# DEBT SERVICE

The City takes out loans to pay for significant capital projects, such as streets or buildings.

The length of loan should not extend beyond the useful life of the item the funds were borrowed for.

Payments on loans represents the City's debt service.

Caps in the amount the City can borrow exist :

- ❖ State - 5% of equalized value (65% used)
- ❖ City Policy- 3.5% of equalized value (93% used)

## Personal Equivalent

When you take a mortgage or a car loan you make monthly payments until the debt is paid off.

# CIP FUNDING

CIP Funding Sources	Personal Equivalent
Transfer from the general fund	You are able to save money from your paycheck to pay for your new roof or riding lawn mower.
Carry over from previous year	You accumulate a balance in your checking account. At the end of the year, you use some of the excess balance to help pay for your new roof or riding lawn mower.
Short-term borrowing –not typical and a sign of financial stress	You visit a short-term lender to pay for your new roof or riding lawn mower.
Reserves - may impact bond rating	You maintain a \$1000 balance in your account to cover unexpected/ emergency expenses. You use part of the \$1000 to pay for your new roof or riding lawn mower.

Long term borrowing – used for streets and buildings	Taking out a loan for a higher cost expense that is expected to last a long time, such as a house. Important to have the income in your <u>budget</u> to cover the loan payments.
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# CIP NEEDS

Our best estimate is that the City conservatively needs \$750,000 annually to spend on predictable CIP items annually. These items include:

- Vehicle replacement
- Equipment replacement
- Building repairs
- Street Overlays
- Sidewalk repair

In addition, the City has borrowed from \$1-2 million for street reconstruction annually.

*CIP Handout*

# TIF DISTRICTS

TIF Districts are separate funds that have their own revenues and expenses.

If revenues exceed expenses, the amount goes into the fund balance for the district (savings). At the end of the life of the district, a portion of the money in fund and the ongoing tax base created is returned to the general fund.

If expenses exceed revenues and there isn't a fund balance (savings) to cover the difference, the General Fund must cover the cost.

## Personal Equivalent

Imagine that you own several small businesses.

If revenues exceed expenses, you reinvest the money in business. Down the road, you will sell the business and make a profit.

If the businesses can't pay their expenses, you (as the owner) must pay from your personal accounts.

*2*

# PROJECTED SHORTFALL 2017

## General Fund

- ❖ Estimated \$210,000 with modest wage increase
- ❖ Estimated \$193,932 without modest wage increase
- ❖ Does not include money for CIP, equipment or contingency

### Primary Drivers:

- ❖ \$201,311 Increase in debt service
- ❖ \$19,980 Partial ambulance service payment (\$117,658-\$97,678 in ambulance reserve)

TID	Estimated Fund Balance 12/31/16	Revenue	Expenses	Difference	City Responsibility
4	131,242	162,016	186,713	(24,697)	TID 4 Fund Balance will cover
5	46,342	1,022,737	409,481	613,256	0
6	NEGATIVE	483,374	642,862	(159,488)	(159,488)*
7	NEGATIVE	111,460	530,665	(419,205)	TID 5 will cover

\*City has option of paying balance through general fund or going below 20% in reserve funds

# PROJECTED SHORTFALL 2018

## General Fund

- ❖ Additional \$59,428 in City debt service
- ❖ Additional \$97,678 for ambulance

### Assumes:

- ❖ No wage increases, funding for CIP, equipment or contingency
- ❖ Revenues stay the same
- ❖ No money is borrowed in 2016
- ❖ Continue to qualify for expenditure restraint program

TID	Revenue	Expenses	Difference	Estimated City Responsibility
4	162,016	183,213	(21,197)	0
5	1,013,737	399,706	613,892	0
6	483,366	711,462	(228,096)	(228,096)
7	337,821	670,298	(332,477)	TID 5 can cover

\*City will have to pay balance through general fund or going below 20% in reserve funds

Expectation that we will get business into the new Industrial Park, but after 2018

# BUDGET OPTIONS

Option 1: Kick the Can

Option 2: Revenue

Option 3: Revenue and Reinvention

Handout 10/17/16

October 

OCTOBER INCOME ^	PLANNED	RECEIVED
SOCIAL SECURITY	\$1,293.00	\$0.00
IPERS	\$1,861.00	\$0.00
CITY	\$1,500.00	\$0.00
LIBRARY	\$500.00	\$0.00
<a href="#">Add Income</a>	<b>\$5,154.00</b>	<b>\$0.00</b>

**\$2,010.00** LEFT TO BUDGET

GIVING ^	PLANNED	REMAINING
COMM FUND	\$0.00	<b>\$0.00</b>
<a href="#">Add Item</a>		

SAVINGS ^	PLANNED	REMAINING
Emergency Fund	\$0.00	<b>\$0.00</b>
<a href="#">Add Item</a>		

HOUSING ^	PLANNED	REMAINING
MORTGAGE /PROP TAXES	\$1,021.00	<b>\$1,021.00</b>
Water & SEWER	\$72.00	<b>\$72.00</b>



Natural Gas/ELECTRIC	\$88.00	\$88.00
Mobile Phone	\$117.00	\$117.00
Cable/INTERNET	\$135.00	\$135.00
<a href="#">Add Item</a>		

<b>TRANSPORTATION</b> ^	PLANNED	REMAINING
Auto Gas & Oil	\$140.00	\$140.00
Car Replacement	\$0.00	\$0.00
<a href="#">Add Item</a>		

<b>FOOD</b> ^	PLANNED	REMAINING
Groceries & Restaurants	\$1,500.00	\$1,500.00
<a href="#">Add Item</a>		

<b>LIFESTYLE</b> ^	PLANNED	REMAINING
Pet Care	\$0.00	\$0.00
Clothing	\$0.00	\$0.00
Childcare	\$0.00	\$0.00
School Tuition	\$0.00	\$0.00
Subscriptions	\$0.00	\$0.00

Sports & Entertainment \$0.00 \$0.00

Gym Membership \$0.00 \$0.00

Miscellaneous \$0.00 \$0.00

[Add Item](#)

**INSURANCE & TAX** ^

PLANNED

REMAINING

Health Insurance \$0.00 \$0.00

Life Insurance \$0.00 \$0.00

Auto Insurance \$71.00 \$71.00

[Add Item](#)

**DEBT** ^

PLANNED

PAID OFF

Label \$0.00 \$0.00

[Add Debt](#)

 [Reset Budget](#)



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**2017  
CAPITAL PROJECT SUMMARY**

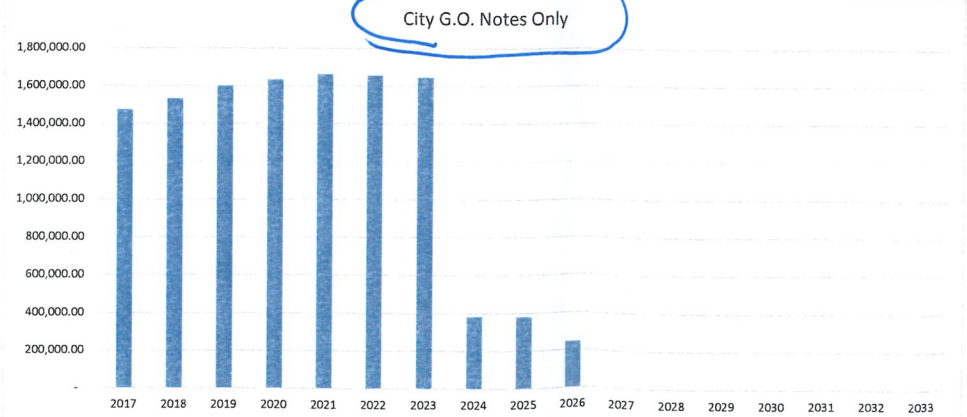
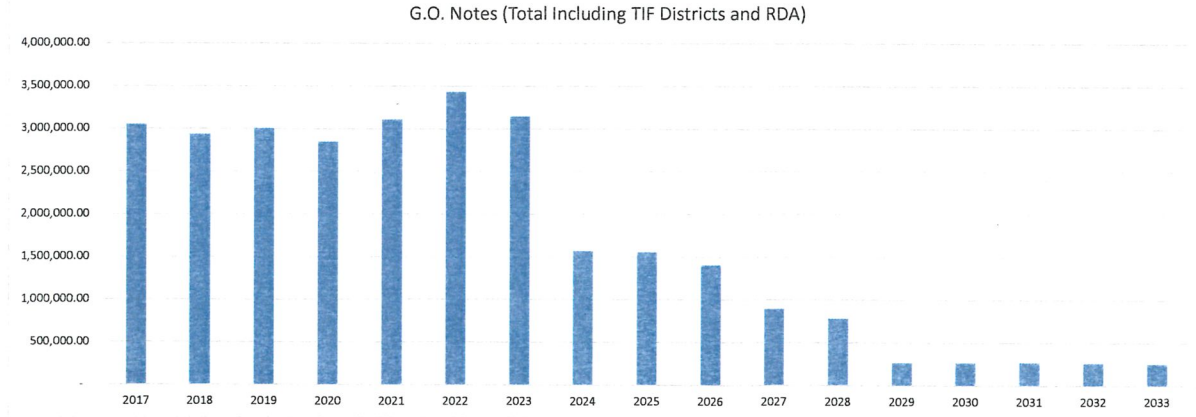
	TOTAL	SOURCE OF FUNDING					
		TAX LEVY	GO NOTES	TID INCREMENT	OTHER REVENUES	SEWER BONDS	WATER BONDS
<b>AIRPORT</b>							
Runway 7-25 and Ramp Resurface	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(Airport \$40,000 / Fed \$1,900,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>COMMUNITY DEVELOPMENT</b>							
EMS Building Reimburse	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Housing Study	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>FIRE DEPARTMENT</b>							
Acquisition of Land Adjacent to Fire Station (50 Ellen St / 225 E Main St)	\$ -	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fire Department Command Vehicle	\$ -	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Replace Fire Inspector's Vehicle	\$ -	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>LIBRARY</b>							
FFE & Technology	\$ 684,126	\$ -	\$ -	\$ -	\$ 684,126	\$ -	\$ -
Total	\$ 684,126	\$ -	\$ -	\$ -	\$ 684,126	\$ -	\$ -
<b>CITY HALL</b>							
City Hall Rehabilitation (Performance) (City \$500,000/Perf cont \$1,000,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Hall Air Exchangers - address air quality issues	\$ 60,000	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -
Voting Equipment	\$ 36,600	\$ 36,600	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 96,600	\$ 96,600	\$ -	\$ -	\$ -	\$ -	\$ -
<b>MUSEUM</b>							
Museum Landscaping	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Museum Handicap Accessible Doors (grants \$5,000/Mus fund \$6,000/GF \$5,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>PARKS DEPARTMENT</b>							
Harrison Park Playground	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Knollwood Park Naturalization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2000 Parks Pick-up 4x4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2010 Parks Tractor / Mower	\$ 29,000	\$ 29,000	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 29,000	\$ 29,000	\$ -	\$ -	\$ -	\$ -	\$ -



Handout 10/17/16

**Principal and Interest Loan Payments for City, TIF, and RDA**

		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Total
<b>PRINCIPAL &amp; INTEREST</b>																			
City	4/15/2009	134,375.00	155,250.00																289,625.00
	3/28/2013	107,100.00																	107,100.00
	10/1/2013	391,187.50	485,187.50	477,187.50	668,187.50	653,187.50	636,687.50	593,687.50											3,905,312.50
	2/12/2014	583,418.76	598,718.76	833,518.76	668,418.76	706,318.76	690,762.50	724,387.50											4,805,543.80
	12/29/2015	137,371.26	136,048.76	129,407.51	132,435.63	135,082.50	137,338.75	139,180.00	135,702.50	136,957.50									1,219,524.41
	6/2/2016	120,064.94	157,740.00	161,525.00	165,125.00	168,602.50	191,802.50	189,527.50	247,077.50	243,435.00	244,440.00								1,889,339.94
Total		1,473,517.46	1,532,945.02	1,601,638.77	1,634,166.89	1,663,191.26	1,656,591.25	1,646,782.50	382,780.00	380,392.50	244,440.00	-	-	-	-	-	-	-	12,216,445.65
TIF #4	10/1/2013	186,500.00	183,000.00	204,500.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	574,000.00
TIF #5 (Rev. Bond)	2/3/2014	409,331.25	399,706.25	390,081.25	385,993.75	374,618.75	363,243.75	147,356.25											2,470,331.25
TIF #6 (Rev. Bond)	3/28/2013	114,300.00	183,700.00	181,700.00	179,700.00	177,575.00	375,325.00	408,575.00	460,500.00	450,500.00	439,500.00	478,500	515,000	-	-	-	-	-	3,964,875.00
	9/12/2013	204,071.26	204,071.26	204,071.26	204,071.26	204,071.26	204,071.26	204,071.26	204,071.26	204,071.26	204,071.26	-	-	-	-	-	-	-	2,040,712.60
	2/12/2014	46,831.24	46,031.24	50,231.24	49,331.24	48,431.24	47,362.50	46,237.50	-	-	-	-	-	-	-	-	-	-	334,456.20
Total		365,202.50	433,802.50	436,002.50	433,102.50	430,077.50	626,758.76	658,883.76	664,571.26	654,571.26	643,571.26	478,500	515,000	-	-	-	-	-	6,340,043.80
TIF #7	3/7/2012	211,500.00	232,750.00	228,750.00	249,500.00	269,750	288,125	304,500	-	-	-	-	-	-	-	-	-	-	1,784,875.00
	3/28/2013	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500	112,500	110,000	107,250	154,500	-	-	-	-	-	-	571,750.00
	12/29/2015	85,702.50	85,702.50	85,702.50	85,702.50	234,108.75	240,635.00	246,545	251,860	256,630	260,825	264,415	267,425	269,885	266,862.50	273,250	264,125	254,750	3,694,126.25
	6/2/2016	18,299.80	12,222.50	12,222.50	37,222.50	111,960.00	120,760.00	129,330	157,650	155,325	152,775								907,767.30
Total		328,002.30	343,175.00	339,175.00	384,925.00	628,318.75	662,020.00	692,875.00	522,010.00	521,955.00	520,850.00	418,915.00	267,425.00	269,885.00	266,862.50	273,250.00	264,125.00	254,750.00	6,958,518.55
RDA	9/10/2012	27,025.80	27,025.80	20,268.90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	74,320.50
	4/6/2015	10,450.56	10,450.56	10,450.56	10,450.56	10,450.56	122,636.82	-	-	-	-	-	-	-	-	-	-	-	174,889.62
	9/8/2015	248,772.65	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	248,772.65
Total		286,249.01	37,476.36	30,719.46	10,450.56	10,450.56	122,636.82	-	-	-	-	-	-	-	-	-	-	-	497,982.77
Grand Total		3,048,802.52	2,930,105.13	3,002,116.98	2,848,638.70	3,106,656.82	3,431,250.58	3,145,897.51	1,569,361.26	1,556,918.76	1,408,861.26	897,415	782,425	269,885	266,862.50	273,250	264,125	254,750	29,057,322.02



	Principal	Interest	Total
AMOUNT OWED DEC. 31, 2016	\$ 25,038,161.29	\$ 4,019,160.73	\$ 29,057,322.02
LESS: TIF #5 LOAN	\$ (2,245,000.00)	\$ (225,331.25)	\$ (2,470,331.25)
LESS: EMMI ROTH LOAN	\$ (1,630,513.64)	\$ (410,198.96)	\$ (2,040,712.60)
AMOUNT FOR 5% & 3.5% LIMITS	\$ 21,162,647.65	\$ 3,383,630.52	\$ 24,546,278.17

	2016	2017
GO Principal Dropping Off:	\$ 2,462,872.79	\$ 1,913,574.27

ACCORDING TO STATE LAW, CITIES ARE ALLOWED TO GO IN DEBT UP TO 5 PERCENT OF THEIR LAST EQUALIZED VALUATION. THIS WOULD MEAN THAT THE CITY OF PLATTEVILLE COULD HAVE A DEBT OF \$32,595,265 BECAUSE OUR 2016 EQUALIZED VALUE TOTALED \$651,905,300. AS OF DECEMBER 31, 2016 THE CITY HAS USED 64.92% OF IT'S BORROWING CAPACITY.

PER THE CITY'S FINANCIAL MANAGEMENT PLAN, DEBT IS ALLOWED UP TO 3.5 PERCENT OF THEIR LAST EQUALIZED VALUATION. THIS WOULD MEAN THAT THE CITY OF PLATTEVILLE COULD HAVE A DEBT OF \$22,816,686 BECAUSE OUR 2016 EQUALIZED VALUE TOTALED \$651,905,300. AS OF DECEMBER 31, 2016 THE CITY HAS USED 92.75% OF IT'S BORROWING CAPACITY.