FINANCE COMMITTEE – BUDGET SESSION #4

Date and Time: Thursday, October 22, 2020 @ 6:00 pm., Council Chambers
Members Present: *In person*: Rasmussen (C), Martens, Herbst, Watson; *By WebEx:* Ryan
Others Present: Groat, Van Krey, Bliven, Kujawa, Lenz, Polley, Rubow, Seubert, Vanderboom

In accordance with Chapter 19, Wisc. Statutes, notice of this meeting was posted and sent to the Daily Herald in the proper manner. The meeting was called to order by Chair, Lisa Rasmussen.

2021 Budget deliberation and recommendation to the Common Council
Maryanne Groat summarized two items were added to the budget at the previous session: $30,000 in TID #8 to pay for the master plan in collaboration with Marathon County for area including Marathon Campus, Marathon Park, and Highway Shop; and funding for an additional FTE in Assessment Department, with a portion covered by carryover.

Groat stated the two things the city must comply with from a financial standpoint are the levy limit and Expenditure Restraint Program. The Expenditure Restraint Program is the most difficult based on the formula they use. With the addition of all of the supplemental requests, two small adjustments had to be made. One is a credit of $10,000 under the General Fund for an adjustment of overtime in the Fire Department. The other is to move the share of the school resource activity into the VOCA grant fund. These two adjustments allow the city to meet the expenditure restraint.

Groat stated all the changes made through the budget sessions results in a 5.5 cents increase, bringing the assessed tax rate to $9.73 versus $10.49 last year, which is a 76 cents or a 7.2% decrease. The equalized value, which is the tax rate of the school district, county and technical college look at, is now $9.14 versus $9.61 last year, a decrease of 46 cents or 4.833%. She noted the assessed value is an estimate; the equalized value it a firm number.

Budget discussion continued.

Motion by Herbst, second by Watson to approved the 2021 Budget as presented for public hearing. Motion carried 5-0.

Conclusion of Department Head presentations on departmental budget updates.

Tax Increment Financing Procedures and Process
Groat presented a PowerPoint on Tax Incremental Financing (TIF).

Summary definition:
A Tax Increment District (TID) is a financing tool and an equalizer that provides the city with extra funding to construct infrastructure and pay for other costs related to economic development. This is a financing tool used throughout the United States that helps rid urban blight. It gives the city the entire tax rate with the idea that unless the city invests in that capital it wouldn't likely happen at all. The schools, the county, and the technical college aren't really losing anything because the development won't happen unless someone makes the investment, and that someone is the city as it pertains to infrastructure. The city makes the investment, gets all of the taxes from the growth and uses it to pay for the costs of redevelopment. When that effort is concluded everyone shares in that growth. This ultimately benefits all the local government units.

Rasmussen commented she has heard a common myth that TID's cause school districts, counties and NTC to lose money, that we take money from them when a TID is created. She pointed out that what the city keeps is only the new growth. The boundaries of the district are drawn and the taxes are frozen at that point in time. The other taxing entities have only agreed to not share the growth, but continue to receive what they have always received.

This budget session and full TID Presentation can be viewed in its entirety on YouTube:
https://www.youtube.com/watch?v=rmlKydC3lsc

Adjourn
Motion by Watson, second by Herbst to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 7:27 pm.