

Village of Mount Horeb

138 E Main St
Mount Horeb, WI 53572
Phone (608) 437-6884/Fax (608) 437-3190
Email: mhinfo@mounthorebwi.info Website: www.mounthorebwi.info

AMENDED VILLAGE BOARD WEDNESDAY, NOVEMBER 2, 2016

The Village Board of the Village of Mount Horeb will meet on the above date at 7:00pm in the Board Room of the Municipal Building, 138 E Main Street, Mount Horeb, WI. Agenda as follows:

- 1) Call to order
Pledge of Allegiance
Roll call
- 2) Public Comments – non agenda items
- 3) Consent Agenda:
 - a) October 5, 2016 Village Board minutes
 - b) Operator's Licenses: Aaron Rains, Karen Weihert, Tracey Alvey, Robert Skindrud, Vaughn Pakkala, Elizabeth Anderson, Karen Miller, Shawn Rasmussen, and Scott Hook
 - c) Resolution 2016-18 "RE-APPROVAL OF PLAT OF WESTVIEW HEIGHTS"
- 4) Consider application for WEDC Community Development Investment Grant
- 5) 2017 budget presentation
- 6) Set date of Wednesday, November 30, 2016 at 6:00pm for public hearing on 2017 budget and 2017-2021 capital improvement plan
- 7) Update on proposed ATC Cardinal-Hickory Creek Transmission Line
- 8) Committee reports:
 - a. Mount Horeb Area Chamber of Commerce
 - b. Mount Horeb Area Joint Fire Department
 - c. Library Board
 - d. School Liaison
 - e. Parks, Recreation, and Forestry Commission

- f. Plan Commission
- g. Public Works Committee
- h. Public Safety Committee
- i. Finance/Personnel
- j. Utility Commission
- k. Dane County City & Villages Association
- l. Public Safety Building Committee

- 9) Village President's report
- 10) Village Administrator's report
- 11) Village Clerk/Deputy Treasurer's report
- 12) Consideration of TIF #5 Incentives. The Village Board may convene in closed session as authorized by Section 19.85 (1)(e) of Wisconsin Statutes for the purpose of the investing of public funds.
- 13) Reconvene to open session for any discussion or action on the subject matter discussed in closed session.
- 14) Adjourn

UPON REASONABLE NOTICE, EFFORTS WILL BE MADE TO ACCOMMODATE THE NEEDS OF DISABLED INDIVIDUALS THROUGH APPROPRIATE AIDS AND SERVICES. FOR INFORMATION OR TO REQUEST THIS SERVICE, CONTACT ALYSSA GROSS, CLERK, AT 138 E MAIN STREET, MOUNT HOREB, WI (608) 437-6884.

**VILLAGE OF MOUNT HOREB
VILLAGE BOARD MEETING MINUTES
OCTOBER 5, 2016**

The Village Board met in regular session in the Board Room of the Municipal Building, 138 E. Main Street, Mount Horeb, WI.

Call to Order/Roll Call: Village President Littel called the meeting to order at 7:00pm. Present were Trustees Rooney, Grindle, Monroe, Czyzewski, and Pakkala. Trustee Scott was absent. Also present were Village Administrator Nic Owen, Assistant Administrator Kathy Hagen, and Clerk/Deputy Treasurer Alyssa Gross. The Pledge of Allegiance was recited.

Public Comments: None.

Consent Agenda: Rooney moved, Czyzewski seconded to approve the following consent agenda items: September 7, 2016 Village Board Minutes; Operator Licenses-Village Board approval: Sarah K Wagner, Melissa H Adamany, Benjamin J Hoffman, James Eberhardt; Suggested Trick or Treat hours as 5-7pm on Monday, October 31; Ordinance 2016-04, "AN ORDINANCE CREATING SECTION 12.03(15) AND REPEALING SECTION 12.11(2) IN CHAPTER 12 (LICENSES AND PERMITS) OF THE MUNICIPAL CODE OF THE VILLAGE OF MOUNT HOREB" regarding Operator's Licenses. Motion carried by unanimous voice vote.

Consider Operator's Licenses previously approved as probationary: Julie Bergey, Daniel Dickson, Ryan Brumm, Donovan Ott, Heather Oleston, Jack O'Bryan, and Katherine Zander: Rooney explained the new license review procedure. Rooney moved, Pakkala seconded to approve the licenses. Motion carried by unanimous voice vote.

Consider extension of probationary Operator's License for Aaron Rains: Aaron was not able to attend the Public Safety meeting to have his application reviewed. The board decided to approve a 30-day extension to the probationary license. Grindle moved, Rooney seconded to approve the extension. Motion carried by unanimous voice vote.

Presentation on Public Safety Building and upcoming referendum: Jenny Minter, Deputy Chief of Fire & EMS, and Jeff Velloff, Chief of Police, gave a presentation on the upcoming referendum for the proposed new Public Safety Building.

Consider Explanatory Statement for Public Safety Building referendum: Czyzewski moved, Grindle seconded to approve the explanatory statement.

Consider Ordinance 2016-06 "AN ORDINANCE CHANGING THE ZONING CLASSIFICATION OF PARCEL 0606-123-8805-9 LOCATED AT 109 S SECOND STREET AND PARCEL 0606-123-8815-7 LOCATED AT 201 E FRONT STREET FROM CB CENTRAL BUSINESS TO PD-1 PLANNED DEVELOPMENT" for proposed office building and parking area: Rooney excused himself from the agenda item, due to a conflict of interest. Plunkett Raysich Architects, LLP presented details of the proposed plan. Czyzewski moved, Monroe seconded to approve the ordinance. Motion carried.

Consider application for WEDC Community Development Investment Grant: Wally Orzechowski, representing SWCAP and Cindy Jaggi of Economic Development Partners presented details of their application for the investment grant.

Consider proposed ATC Cardinal-Hickory Creek Transmission Line: Rod Hise from the Town of Springdale was present to voice his concerns about the proposed ATC Line. He would like to form a group to present concerns about the project. A discussion was held concerning the line location and other concerns.

Committee Reports: Committee reports were heard with none requiring Village Board action.

Village President's Report: Littel thanked the Chamber and staff for their work on Fall Fest.

Village Administrator's Report: Owen reported that he attended the ICMA conference last week in Kansas City.

Village Clerk's Report: Gross gave information on absentee voting and the upcoming election on November 8th.

Adjournment: There being no further business before the Board, Rooney moved, Grindle seconded to adjourn the meeting at 8:50pm. Motion carried by unanimous voice vote.

Minutes by Alyssa Gross, Clerk/Deputy Treasurer

TOWN LAND COMPANY LLC

October 5, 2016

Village of Mount Horeb
Attn: Nicholas Owen, Village Administrator
138 E Main Street
Mount Horeb, WI 53572

Dear Mr. Owen:

The Plat of Westview Heights was conditionally approved by the Village Board on December 3, 2014, by Resolution No. 2014-21 "Resolution Conditionally Approving Plat of Westview Heights", and re-approved on December 2, 2015 by Resolution number 2015-29 "Re-approval of Plat of Westview Heights".

Town Land Company LLC is hereby requesting that the Village of Mount Horeb again re-approve the Plat of Westview Heights without any change of conditions. We ask that this request be considered by the Village Plan Commission at its meeting on October 26, 2016 and by the Village Board at its meeting in November, 2016.

Thank you.



Terry A. Monson
President of Monson Mortgage Company, Inc.
Sole Member of Town Land Company LLC.

Cc: Alyssa Gross, Village Clerk

414 D'Onofrio Drive
Suite 100
Madison, WI 53719

PHONE 608-833-1127
FAX 608-829-1177

RESOLUTION 2016-18

RE-APPROVAL OF PLAT OF WESTVIEW HEIGHTS

WHEREAS, the Village Board previously approved Resolution 2014-21, "RESOLUTION CONDITIONALLY APPROVING PLAT OF WESTVIEW HEIGHTS" at their December 3, 2014 meeting; and

WHEREAS, the owner, Town Land Company LLC, requested and was granted a re-approval of the Plat of Westview Heights for recording purposes on December 2, 2015, Resolution 2015-29 "RE-APPROVAL OF PLAT OF WESTVIEW HEIGHTS", and

WHEREAS, Town Land Company LLC is again requesting re-approval of the Plat of Westview Heights for recording purposes; and

WHEREAS, at their October 26, 2016 meeting the Plan Commission recommended approval of the second re-approval request.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Trustees of the Village of Mount Horeb, Dane County, Wisconsin, that a re-approval of the Plat of Westview Heights is hereby granted with no revisions to the Plat, and includes all conditions and declarations for approval set forth in Resolution 2014-21, "RESOLUTION CONDITIONALLY APPROVING PLAT OF WESTVIEW HEIGHTS".

Introduced and passed this 2nd day of November, 2016.

Randy J Littel, Village President

ATTEST:

Alyssa Gross, Village Clerk



Gallina Corporation
101 East Main Street, Suite 500
Mount Horeb, Wisconsin 53572

October 26, 2016

Nicholas Owen
Village Administrator
Village of Mt. Horeb
138 E. Main Street
Mt. Horeb, WI 53572

Re: TIF & Community Development Investment Request
Hoff Mall Expansion & Redevelopment
101 E. Main St & 111 South First Street
Mt. Horeb, Wisconsin

Mr. Owen:

We are pleased to submit our funding request to the Village Board for TID # 5 - TIF Grant Funding and WEDC - Community Development Investment Grant to be used for the redevelopment and expansion of the Hoff Mall.

Organization Structure:

Owner:
Hoff Associates of Mt. Horeb, LLP
101 E. Main St., Suite 500
Mt. Horeb, WI 53572
Contact: Joseph R. Gallina
jgallina@gallinacos.com

Developer:
Gallina Corporation, (The Gallina Companies)
101 E. Main St., Suite 500
Mt. Horeb, WI 53572
Contact: Craig Enzenroth
cenzenroth@gallinacos.com

Architect:
Knothe & Bruce Architect's, LLC
7601 University Ave., Suite 201
Middleton, WI 53562
Contact: Randy Bruce
rbruce@knothebruce.com

Legal:
Axley Brynson, LLP
2 East Mifflin St., Suite 200
Madison, WI 53703
Larry Libman
LLibman@axley.com

Introduction:

This proposed project is the redevelopment and expansion of the historic Hoff Mall building. It involves the remodeling of the existing Hoff Mall building, including upgrading and renovation of the existing 12 apartments and division and remodeling of an existing 1,157 sq. ft. suite of commercial space. The proposed project also includes construction of a four-story, 30 unit luxury

apartment building at 111 S. First St and a shared parking lot located at 109 E. Front St. The addition of the four-story luxury apartment building is a high-quality infill development that is designed to enhance the historic character of the Hoff Mall building and to be compatible with the architecture of the surrounding downtown business district.

Owner / Developer

The developer and property manager of the project is The Gallina Companies. Established in 1980, the firm provides in-house development, design, construction, acquisition and ongoing management of luxury apartments, residential condominium properties and commercial retail/office buildings. The Gallina Companies has successfully developed over 3,000 apartment units in the Madison, Milwaukee, northern Illinois, and western Florida areas. Our philosophy has been to retain the properties we develop for the long term. As such, at Gallina, we believe in developing long-term relationships with our tenants and customers to ensure the long-term success of our developments. The Gallina Companies and all of their employees are committed to the service of our tenants and providing all of our customers with unparalleled customer service.

The Gallina Companies initially redeveloped the Hoff Mall building and have managed it since its completion in 1986. Since then, Hoff Assoc. of Mt. Horeb, LLP, which is affiliated with The Gallina Companies, has owned, renovated and maintained this mixed-use development to preserve this prominent downtown property. In 2011, The Gallina Companies relocated its corporate offices into Hoff Mall as further evidence of our commitment to Mt. Horeb and the downtown area. With this experience in the market, we feel there is strong demand for quality housing in the downtown Mt. Horeb.

Project Character:

In the existing Hoff Mall building we will be remodeling an existing 1,157 sq. ft. Suite, which has been vacant since 2012. The remodeling of this suite will divide it into two smaller spaces which will accommodate the expansion of Hoff Bistro to allow a banquet room and office / storage for Gallina Companies. Alternatively, this suite may be remodeled and leased to other commercial tenants. Upgrades to the 12 existing apartments on the second floor of the Hoff Mall building will include new maple trim, cabinets, appliances, installation of dishwashers, light fixtures, luxury vinyl plank flooring, and new carpeting in the bedroom areas.

As per the recently approved GDP, the Hoff Mall expansion / addition at 111 S. First St. is designed to strengthen the entire Hoff Mall project, as well as the surrounding properties. The expansion project is the redevelopment of this underutilized site and removes the blighted existing 1- and 2-story buildings with new high-quality apartments with both enclosed and surface parking. The proposed apartment building's architecture takes cues from the existing Hoff Mall building and is distinctly historic in character. All brick masonry facades front the two streets with a complimentary color horizontal siding used on the rear façade. The masonry detailing at the window and door openings and at the base and cornice of the new building will be used to highlight the beauty and texture of the brick exterior. Awnings on the new apartment building will match those found on the existing Hoff Mall building. The new building will enhance the streetscapes of

both First and Front Streets, and display windows are designed to engage the pedestrian traffic. The main entry to the new apartment building is at the corner of First and Front Streets while vehicular access to the parking is accommodated from the alley to the east of the building. Parking is located on the first floor of this building with three floors of apartments located above. Apartments vary in size and are designed to accommodate both professionals and empty nesters. Amenities will include on-site management, in unit laundry, walk-in closets, quality maple finishes, individually controlled HVAC with high efficiency gas fired equipment, and GE kitchen appliances. A total of 30 apartments and 20 parking stalls are contained within the new building.

In addition to the enclosed parking, the parking needs for the Hoff Mall building and the new apartment building are accommodated in a redesigned parking area between the two buildings and a new parking lot at 109 E. Front Street. Bicycle parking will be conveniently located within the new buildings enclosed parking garage and on-site.

The project will require TIF Funding assistance as well as the Community Development Investment (CDI) Grant to be economically viable and will provide a needed alternative housing option for the Mt. Horeb multi-family rental market as well as serving as a catalyst for the revitalization of the downtown area as envisioned with the newly created TID #5.

TIF / CDI Grant

As stated above the TIF and CDI assistance are required to make the project economically viable. The improvements to the properties will provide an additional estimated increment to the tax base of \$2,493,500 and enhance the property values of the surrounding properties. Obtainable rents for apartments in Mt. Horeb are not sufficiently high enough to overcome the high improvement costs, considering the overall costs of construction, demolition, surface and covered heated parking and land costs, which will have to be incurred in order to allow us to provide quality housing alternatives and commercial spaces without such assistance. The gap between the overall budgeted project cost of \$6,129,565 (as detailed below) as compared to the estimated assessed value of \$3,950,000 is too great to substantiate the risk of investment without the TIF and CDI assistance. We have furnished more detailed financial projections / information to the Village's consultant for their use and analysis in determining that our request is an appropriate use of TIF and CDI funding.

The CDI Grant Program is intended for major downtown redevelopment projects that add significant value and destination appeal to a host community, including the provision of affordable workforce housing for local employers. After speaking with program representatives at WEDC, we feel we are strongly positioned for a maximum award in the amount of \$250,000, and respectfully ask the Village Board to approve submission of a grant application on our behalf. These funds are essential to the feasibility of our project and reduce the need for additional financial participation by the Village.

As of October 26th, the Village, its consultants, and the Gallina Companies have mutually agreed in principle that an up-front cash TIF grant in the amount of \$613,000 is necessary and appropriate, and "but for" this assistance the project would not move forward as proposed. The grant will allow the project to achieve a minimum market-feasible average return on investment of approximately 10% , year-over-year, over a 10 year period, a threshold below which it is unlikely that Gallina

could attract the private investment necessary to secure additional financing. In addition, this grant amount has been shown by Village consultants to be feasible only under conventional Village-led financing, rather than a pay-as-you-go arrangement or reduced funding request, subject to a minimum guaranteed assessment of \$3,950,000 and execution of a formal development agreement.

A draft term sheet with these and other basic terms and conditions for TIF assistance is attached for Board consideration.

Project Cost and Funding Sources:

Use of Funds

Construction	\$2,953,116
Land/Building Acquisition (1)	\$2,281,617
Soft Costs	\$ 481,699
Contingency	\$ 179,791
<u>Development Fee</u>	<u>\$ 233,342</u>
Total Project Cost	\$6,129,565

Source of Funds

TIF Grant	\$ 613,000 as per the attached Term Sheet
WEDC – CDI Grant	\$ 250,000 to be submitted upon approval of request
First Mortgage	\$3,935,025 Bank of Prairie du Sac
<u>Owner’s Equity</u>	<u>\$1,331,540</u>
Total Sources of Funds	\$6,129,565

Note (1): included in the Land/Building Acquisition Cost is the payment of the balance due as of 1/4/17 on the existing Revolving Loan Fund due the Village in the amount of \$126,706. This would allow the Village to loan these funds to other needs within the Village.

Project Schedule:

SIP Approval	December, 2016
TIF / Development Agreement	December, 2016
Grant Approval	December, 2016
Loan/ Purchase Closing	January, 2017
Construction Commencement	March, 2017
Construction Completion	March, 2018

This request is in furtherance of our long term commitment to downtown Mt. Horeb. We appreciate your consideration of this request and look forward to the successful development of the Hoff Mall Expansion.

Sincerely



Craig Enzenroth – President

Village of Mount Horeb and Hoff Associates of Mount Horeb, LLP (Developer)
Term Sheet for Renovations and Addition to the Hoff Mall at 101 E. Main Street

October 25, 2016

Project Description

Developer proposes to renovate a commercial suite and 12 residential apartments in the existing Hoff Mall building and to construct a freestanding, 30-unit apartment building on an adjoining lot to the south at 111 S. First Street. The new building will contain 20 enclosed parking spaces for use by building residents, and the two buildings will share surface parking located between them and at 109 E. Front Street. To make the project financially feasible the developer has requested a \$613,000 grant from Tax Increment District #5 (TID #5) and the Village's support of an application for a \$250,000 grant from the Wisconsin Development Corporation (WEDC) Community Development Investment (CDI) program. Total project costs are estimated to be \$6,129,565, including the refinancing of existing loans for the Hoff Mall.

Developer Obligations

- Complete renovations of a 1,157 sq. ft. commercial suite in the existing Hoff Mall building as needed to divide it into two separate spaces for use by the adjoining restaurant and for Office / storage by the Gallina Companies, or other commercial tenants.
- Complete renovations of 12 residential apartment units in the existing Hoff Mall building to include upgraded finishes, fixtures and appliances.
- Demolish the existing mixed-use building at 111 S. First Street and construct a 30-unit residential apartment building consistent with the approved GDP and SIP for same.
- Construct a surface parking lot between the existing Hoff Mall building and new apartment building and an additional surface parking lot at 109 E. Front Street, consistent with the approved GDP and SIP for same including all stormwater management improvements related thereto.
- Obtain all required permits for all of the above.
- Continually maintain Project in compliance with all applicable local, state and federal rules and regulations.
- Agree to a minimum assessment for the full Project of \$3,950,000 upon its completion. In the event the assessment falls below this amount, Developer annually will pay the difference between the actual property taxes due and those that would have been due based on this level of assessment.
- Pay all annual property taxes and any additional required amounts in full when due.
- Provide a guarantee for the TIF grant proceeds in a form acceptable to the Village Attorney to be valid from the date the grant proceeds are received to the date of issuance of Certificate of Occupancy for the Project.
- Acknowledge that the Village already has authorized the Village Administrator and another organization to submit an application for a WEDC CDI grant for another project and that WEDC regulations permit it to award only one CDI grant per community per fiscal year, and acknowledge further that the Village will not express a preference or order of priority for either application.
- Make available records and receipts of actual Project costs for inspection by the Village.

- Execute documents as necessary to effectuate all of the above including those required by WEDC as part of the CDI program.

Village Obligations

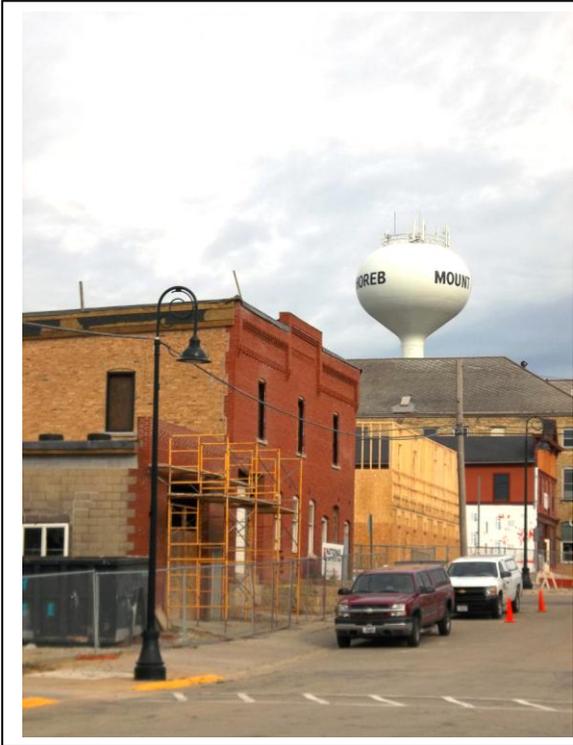
- Provide Developer with a \$613,000 grant from TID #5 to be used for constructing the Project.
- Authorize Developer and Village Administrator to submit an application to WEDC for a \$250,000 CDI grant to be used for constructing the Project.
- Agree not to express a preference or order of prioritization for the Project CDI application or that previously authorized to be submitted for another project.
- Administer the CDI grant in accordance with all WEDC requirements.
- Process all applications for all permits required for the Project without undue delay.
- Execute documents as necessary to effectuate all of the above including those required by WEDC as part of the CDI program.

Tentative Project Schedule

November 2016	Village approval of Project CDI application and submittal to WEDC
December 2016	Village approval of an SIP and development agreement for the Project
January 2017	Developer loan/purchase closing
January 2017	Execution of grant documents with WEDC
February 2017	Village provides TIF grant proceeds and Developer provides an executed guarantee in a form acceptable to the Village Attorney
March 2017	Developer commences construction of the Project
March 2018	Developer completes construction of the Project

Village of Mount Horeb

2017 Budget



Contents

Table of Contents -----	2
Village Administrator’s Budget Message-----	4
Elected Officials-----	7
Village Officials-----	8
Chart of Budget Funds-----	9
Village Fund Definitions, Highlights, and Balances -----	10
General Fund -----	10
Park Development Fund -----	11
Terrace Tree Fund-----	11
Highway 92 Fund -----	12
Swimming Pool Fund -----	12
Future Streets Fund -----	12
Cable TV Fund-----	12
SW Dane (Outreach/Nutrition) Fund-----	13
Library Fund-----	13
Employee Retirement Insurance Fund -----	14
Revolving Loan Fund -----	14
General Debt Service Fund -----	14
TID Debt Service Fund -----	15
Capital Projects Fund -----	15
TID #3 Fund -----	17
TID #3 Amendment Fund-----	17
TID #4 Fund -----	17
TID #5 Fund -----	18
Electric Utility Fund -----	18
Water Utility Fund -----	18
Sewer Utility Fund -----	19

Charts & Graphs-----	20
Village Debt-----	20
TID Increment Values-----	22
State Transportation Aid -----	23
Five-Year Capital Improvement Plan -----	24
Levy-----	25

Village Administrator Budget Message

This recommendation of the 2017 Village budget is the result of significant work on the part of Village staff and the Village Finance & Personnel Committee. Department heads met with the Village Administrator to discuss their budget recommendations so that staff can continue to provide the same high level of service to our residents, businesses, and visitors. The Finance & Personnel Committee met throughout the month of October to formulate a budget that protects the long-term interests of all Village taxpayers by keeping tax rates low, maintaining our high-quality service levels, maintaining healthy fund balances, accomplishing Village set goals, and reducing general obligation debt over the next five years.

By looking at the long-term financial affects of today's budgeting decisions, Board members are able to analyze whether their budget decisions are in the best interests of the community and whether those decisions provide for long-term financial stability. Members of the Finance & Personnel Committee and the Village Board accomplish this objective through a use of various budget-related methodologies that show revenues and expenditures five years into the future. By analyzing needs over the next five years and comparing them with realistic revenue expectations, we are able to determine if the decisions we make in 2017 are sustainable.

The 2016 total assessed value in the community is \$620,480,998; an increase of \$5,839,100 over 2015. Net new construction for 2016 was \$10,116,500 or 1.64% of our equalized value from 2015. The allowable levy increase for 2016 is 1.64%; excluding debt service requirements.

The 2016 budget again qualified us for the State's Expenditure Restraint Payment in 2017. For 2017 I am proposing budgeting this revenue in the Capital Projects Fund rather than the General Fund. The main reason being if we do not qualify for this payment in the future it is easier to work around the revenue loss in the Capital Fund

than it is in the General Fund. The formula for Expenditure Restraint Payment is 60% of the net new construction plus CPI-U Midwest September. The consumer price index numbers for September is 0.93% which is lower than historical averages but higher than the 2015 number. Adding the 0.984% for 60% of net new construction to this number and we can calculate our expenditure restraint requirement to be at or below 1.914%. Our actual number is currently at 0.15%.

Health insurance costs actually decreased for 2017 by 3.1% however, dental insurance rates increased by 12%.

The Village is fortunate to have a good group of employees overall including many long-term dedicated employees. This budget includes a 1.5% wage increase for a majority of the employees, with two employees receiving larger increases to keep them in line with comparable positions. Additionally, two wastewater employees will be due for larger increases upon achieving certifications in 2017.

The one large item still remaining is the completion of the contract renewal with the WPPA police union. We have had an initial meeting and traded proposals but have not come to an agreement yet.

This budget document explains the uses for numerous Village funds, it lists each expected fund balance in both January and December of 2017, and it provides the 2017 highlights for each fund. Due to the increases in levy required for debt service payments the budgeted levy for 2017 is higher than previous years with an overall increase of 8.54%. The budgeted change in the mil rate for 2018 is projected to be in the 2% range and then staying relatively flat 2019 - 2021. The budget methodology for predicting future changes in the levy and assessed value uses an annual 0.95% increase due to new construction. With the recent increases in new construction since 2014, it is probable that actual new construction will exceed the conservative estimate. If this occurs, there will be additional positive benefits to future budgets.

The Finance and Personnel Committee will meet on October 26th and make a recommendation on this budget to the Village Board. The Village Board will hear a presentation on the 2017 Budget on November 2, 2016 and set a public hearing for the 2017 budget and the 2017 - 2021 Capital Improvement Plan (CIP) for a special meeting on November 30, 2016 at 6:00 pm. Public comments on the budget are welcome at the public hearing and anyone with questions or comments is encouraged to contact the Village Administrator prior to the public hearing. You can reach the Village Administrator at 437-6884 x 109 or nic.owen@mounthorebwi.info. Following the November public hearing, the Board will vote to approve the 2017 budget and the 2017 - 2021 Capital Improvement Plan.

Elected Officials

VILLAGE PRESIDENT: Randy Littel

VILLAGE TRUSTEES: Ryan Czyzewski
Steve Grindle
Brenda Monroe
Mark Rooney
Cathy Scott
Vaughn Pakkala

MUNICIPAL JUDGE: Jody Morey

Village Officials

Administrator: Nicholas Owen ----- 437-6884 ext 109
Assistant Administrator: Kathy Hagen ----- 437-6884 ext 108
Assessor: Accurate Appraisal----- 1-800-770-3927
Attorney: Stafford Rosenbaum Law Office ----- 259-2618
Building Inspector: General Engineering----- 437-6884 ext 116
Chief of Police: Jeff Velloff----- 437-5522
Civil Defense Director: Craig Brinkmann----- 437-5571
Electrical Inspector: General Engineering ----- 437-6884 ext 116
Engineer: Rob Wright ----- 833-7373
Court Clerk: Jean Culberson ----- 437-7748
Clerk/Deputy Treasurer: Alyssa Gross ----- 437-6884 ext 104
Electric & Water Superintendent: Dave Herfel----- 437-3300
Finance Director: Cheryl Sutter----- 437-6884 ext 106
Fire Chief: Craig Brinkmann----- 437-5571
Librarian: Jessica Williams----- 437-5021
Outreach Director: Lynn Forshaug----- 437-6902
Parks & Urban Forestry Director: Jeff Gorman----- 437-7190
Public Broadcasting Coordinator: Diane Stojanovich----- 437-6884 ext 113
Public Works Director: Laurel Grindle ----- 437-3351
Recreation Director: Jill Dudley----- 437-3400
Wastewater Superintendent: John Klein ----- 437-3101

Chart of Budget Funds

The following funds are active with the Village's 2017 budget:

General Fund	Cable TV Fund
Terrace Tree Fund	Park Development Fund
Swimming Pool Fund	Highway 92 Improvement Fund
SW Dane (Outreach/Nutrition) Fund	Future Streets Fund
Employee Retirement Insurance Fund	Library Fund
General Debt Service Fund	Revolving Loan Fund
TID Debt Service Fund	Capital Projects Fund
TID #3 Fund	TID #3 Amendment Fund
TID #4 Fund	Electric Department Fund
Water Department Fund	Sewer Department Fund

Village Funds Definitions, Highlights, and Balances

General Fund: The General Fund includes the operating budget for most Village departments. At the end of each fiscal year, balances in the fund become part of the General Fund Balance. Village policy requires any general fund balance at the end of the fiscal year that is budgeted at more than 25% of the next year's budgeted expenditures, to transfer to the capital projects fund. This money is then used to either offset existing loan payment needs or to help pay cash for future capital projects.

Budget highlights for this fund include:

- The levy allocated to the general fund is up 0.85% or \$20,216
- Utility payment-in-lieu-of-taxes (PILOT) payments are up 3% or \$12,618
- State transportation aid payments are up by 1.62% or \$6,764
- Total intergovernmental revenue is up by just over 2% or \$14,244
- Total licenses and permit revenue is up slightly by \$1,094.
- Total revenues for the GF are up \$382,786 or 6.7%.
- The fire protection budget increased by \$18,895 or 4.8%.
- The Village provides funding to three outside organizations. The three organizations receiving donations include the youth center, the chamber, and the economic development corporation. Funding for the youth center is budgeted to reduce to \$12,000, the chamber is budgeted to remain at \$5,000 and the EDC is budgeted for \$7,500 for 2016. Additionally, the Village is considering the creation of a room tax that would provide approximately \$80,000 to the Village's designated tourism entity; at this point it appears the Chamber would be the likely tourism entity.
- The recreation administration budget includes an additional \$5,000 for a part-time position to help staff the office during the summer. With the increase of

recreation programming and the growth in participation this position will be a big help to the recreation department.

- The budgeted increase from the amended 2016 budget to the 2017 budget is 0.15%. We are budgeting to draw down fund reserves by just under \$7,000, which will leave the general fund unassigned and unrestricted reserve balance at \$937,306 or 21.58% of expenditures. This amount falls within the approved policy range of 20% - 25%. Budgeted reserves for 2018 - 2021 show reserves remaining above 20%.

Park Development Fund: The Village created the “Parkland” Development Fund when the Village implemented a fee to developers who create residential lots – in anticipation for the park service’s residential units demand (the more houses – the more demand for parks). There is an impact fee per new house constructed. The Village collects this fee prior to issuing a building permit.

In 2017, \$10,500 is budgeted for park equipment and improvements. The estimated fund balance at the start of 2017 is \$30,712 and the projected ending balance is \$30,162.

Terrace Tree Fund: The Village requires developers to contribute to the Terrace Tree Fund for the planting of one tree every 50 feet in new subdivisions. State law permits developers to plant these trees themselves; however, given the quantity discount prices that the Village receives, it is likely developers will continue to contribute to this fund.

The budget includes \$38,492 for equipment and tree purchases. Future years have the fund budgeted to cover half of the cost for a tree inventory and \$40,000 toward a \$200,000 expenditure in 2019 for a bucket truck. This fund is budgeted to remain in the black through 2020.

The estimated fund balance at the start of 2017 is \$184,545 and the projected balance at the end of the year is \$146,553.

Highway 92 Improvements Fund: The Village established this fund to collect money from the developers of the Vista Ridge and Golf View subdivisions to cover future downstream storm sewer improvements necessitated by these developments. No money is budgeted to be spent in 2017.

The estimated fund balance at the start of 2017 is \$101,354 and the estimated ending balance is \$101,629.

Swimming Pool: The financial position of the pool fund is still strong. The levy will remain the same in 2017 as 2016 and is still significantly below previous years. The levy is projected to remain stable through 2021.

The estimated 2017 starting balance is \$35,800 and the expected ending balance is \$33,427.

Future Streets Fund: The Village established this fund to collect money from developers for street improvements, which would likely be necessary in the future but were not required at the time of platting. The fund includes money collected for completing streets where temporary turnarounds will be removed for future street continuations. No money is budgeted to be spent in 2017.

The estimated starting balance in the fund is \$81,290 and the expected ending balance is \$81,515.

Cable TV Fund: The Cable TV Budget includes \$15,000 for the purchase of a new digital server. The starting balance for this fund is \$29,722 and the expected ending balance is \$22,722. After the slight fund balance reduction in 2017, the balance is

projected to continue to grow from 2018-2021. The growing balance will allow for the funding of future anticipated capital equipment purchases.

SW Dane (Outreach/Nutrition) Fund: The Village collaborates with several neighboring communities to offer area seniors a place for nutritional assistance, meals, and other important services.

The Village will levy \$26,887 in 2017 to fund operations; an increase of \$1,000 over 2016. The Outreach Board created a funding formula for their municipal members and additionally asked for a 10% increase in 2017. The Finance Committee is recommended the \$1,000 increase; which is still higher than the formula amount for the Village. The County contribution is expected to increase by \$2,000 for 2017. The estimated starting fund balance is -\$13,669 and the estimated ending balance is -\$6,278. It is very important that a successful fundraising and donation campaign occur annually to help ensure this fund is financially viable for several years. To help regain a positive fund balance in the fund the levy is projected to increase slightly each year through 2020.

Library Fund: The Village Board authorizes a tax levy for the library every year and then the Library Board has authority to determine how the money is spent. The Library receives funding from several sources. Library revenues for 2017 are budgeted to increase by 1.79% and then by 1.3% - 2.16% annually through 2021. The budgeted library fund balance is set to steadily decrease and as proposed will be negative in 2019. With the Village paying for all capital improvement costs, the library does not need a fund balance; however, leaving some amount of money in the fund is appropriate in case of an unanticipated operating expense. In preliminary discussions with Library Director Williams we have discussed the Library maintaining a 10% fund balance to cover unexpected costs. At this point if any changes are needed, they should not be needed until 2019.

The budgeted starting balance is \$103,490 and the estimated ending balance is \$59,783. The ending amount is 9% of the library's operating expenses.

Employee Retirement Insurance Fund: The Village set up this fund several years ago to cover costs of benefits for qualified employees (those hired before August 2011). The benefit allows a portion of accumulated sick time to convert to cash upon retirement for use specifically to cover health premium costs.

This fund is budgeted to remain 100% funded after having levied \$15,000 into the fund to cover Village employee sick leave actuarial costs (including library and Outreach departments). The next few years we will need to increase the levy for this funded to remain fully funded.

The budgeted starting fund balance is \$375,810 and the estimated ending balance is \$366,560.

Revolving Loan Fund: The Village established this fund in 2010 to help promote economic development in the Village. The fund provided loans to two local businesses and the principal and interest repayments on those loans go into the fund's balance for future use.

The estimated starting balance in 2017 is \$75,330 and the estimated fund balance at the end of the year is \$88,420. We are anticipating the payoff of both existing loans in late 2016 and early 2017. The repayment of these loans will be a great opportunity to assist development in the Village.

General Debt Service Fund: This fund accounts for the debt payments due on Village loans. Because this fund is not associated with the state imposed levy limit, the Village can increase the 2017 levy by 1.64% plus the amount needed to fund loan repayments. The Village Board understands the importance of maintaining high-quality public

services and just as importantly, keeping taxes low. The Village transfers certain available cash into this fund from the Capital Projects fund in order to reduce the levy needed to fund loan repayments. This action keeps property taxes much lower than they otherwise would be. Unfortunately due to an increase in capital projects in 2017 we had to reduce the amount transferred to the Debt Service fund, requiring an increase in the Levy for debt service. The debt service levy will increase again in 2018 and then remain steady and begin to decrease through 2021.

The estimated 2017 starting fund balance is \$5,245. The estimated ending balance is \$23,119.

TID Debt Service Fund: This fund accounts for debt issued for TID 3 and TID 4. Tax increment revenues pay for the majority of the payments due from the TID-related loans. A property tax levy makes up the difference between the loan payment and the available increment created within both of the TIDs.

The Village is required to maintain a certain fund balance each year to account for costs associated with prior payments for the TID #3 amendment fund. The balance in this fund is restricted until TID #3 is fully paid off. If TID #3 is in the black at the end of its life, the additional money in the TID #3 fund, up to the balance in this fund plus certain monies already reserved in the General Fund, will become unrestricted. The Village fully complies with this requirement.

The estimated 2017 starting balance is \$212,183. The estimated 2017 ending balance is \$268,320.

Capital Projects Fund: The Village annually funds various capital projects – projects that have a value of \$5,000 or more and that have a useful life of more than one year. This fund tracks all revenues and expenditures for those projects.

To reduce the levy increase for 2017, the Finance and Personnel Committee has recommended the following changes from the Departmental Capital requests:

- Delaying until 2018
 - Police server purchase, \$5,000;
 - Replacement of Public Works dump truck, \$40,000;
 - Replacement of Public Works gator, \$11,000;
 - Replacement of Parks and Forestry mower, \$22,500;
 - Replacement of Tennis Court Lights/Joint project with School, \$30,000;
 - Upgrades to Parks surveillance equipment, \$6,000;
- Purchasing a Ford Police Interceptor SUV rather than a Tahoe, saving \$7,400.

Non-utility capital projects for 2017 include:

- Urban Service Amendment, \$35,000;
- Emerald Ash Borer treatment, \$7,000;
- Pool skimmers and Water heater, \$17,200 ;
- New police vehicle, \$34,600;
- Street maintenance, \$100,000; includes \$17,800 for the STH 78 project;
- Norsk Property tax payment: \$27,500;
- Second installment payment for the Norsk Golf Bowl Purchase, \$716,667;

Total non-utility capital projects in 2017 are \$1,266,767. Budgeted revenues include \$6,000 for the sale of village equipment, \$12,500 in transfers from other funds, and a levy of \$440,000. The 2017 levy is 4.27% higher than in 2016.

The estimated 2016 starting balance is \$1,483,586 and the estimated ending balance is \$764,694. The fund balance is artificially high because the proceeds from the debt for the Norsk purchase are being held here until they are required to be paid out.

Utilities pay for their capital projects directly from their respective depreciation accounts.

TID 3 Fund: This fund manages revenues and expenses associated with Tax Increment District (TID) #3. The revenue typically comes from taxes paid within the specific TID jurisdiction, with additional revenues coming from a levy to cover a portion of the shortfall needed between the known debt payment and the revenues coming into the fund from increment created from the base value when the district was created. In addition to the levy, two local developers pay the remaining costs associated with the shortfall. The Village is responsible for 33.86% of the shortfall between the increment collected and any given year's annual debt payment on the loan(s) for the cost of projects already completed. Developers pay 66.14% of the shortfall.

The 2016 increment value in TID #3 is \$24,805,900. The overall assessed value in TID #3 grew by \$6,650,900 or 32% in 2016. 2016 saw the construction of the Mark It (Auds and Ends) building and the start of the 20 unit apartment building in North Cape.

In preparing the 2017 Budget it was noticed that the previously estimated increment was significantly too high. After adjusting the amount using last year's overall mill rate TID 3 will be back in the red in 2018 rather than 2020 as previously expected. For 2017 the beginning fund balance will be \$13,798 but that will reduce to \$12,329 by year end. While we are still seeing decent growth in this TID the debt service payments increased by \$40,000 from last year and will see an even more significant increase of \$348,800 in 2020.

TID 3 Amendment Fund: In 2006, the Village approved an amendment to TID 3 and incurred additional expenses. It is unknown if the TID will be able to fully support repayment of these additional expenses (which will only happen after the original TID 3 fund fully covers all of its debt obligations throughout the life of the TID). If this occurs, then the District can remain open in order to repay the costs associated with this fund. Because of the nature of this fund, it will carry a negative balance.

The estimated fund balance at the start 2017 is -\$466,981 and at the end of 2017 - \$523,118.

TID 4 Fund: This fund manages the revenues and expenses associated with Tax Increment District #4. TID 4 is in good financial shape with an original estimated closing date for the district in 2025. The Village has one loan payment remaining in this TID. There is approximately \$200,000 remaining in the TID project plan for a future project as incentive to create jobs and increased assessed value in the district.

The estimated starting balance in this fund for 2017 is \$91,722 and the expected ending balance is \$142,824.

TID 5 Fund: TID 5 was created in August of 2016. The preliminary costs associated with this district are the costs of creation including planning and legal reviews. We will not see increment in this account until 2018. As projects come up the Village will need to determine the best way to fund these projects until increment is available.

Electric Utility: This fund is used for the operation of the Village's electric utility. The utility purchases power from WPPI Energy and distributes it to customers within and outside of the Village's corporate limits. Expenses include costs for maintaining two substations and 127 miles of primary distribution lines.

The estimated starting cash balance in the electric fund for 2017 is \$2,030,255 and the estimated ending balance is \$2,109,631. The electric utility's capital projects in 2016 are:

- Reroof 301 E Lincoln, \$20,000;

The electric utility will pay cash for all of its 2017 capital projects.

Water Utility: This fund is for the operation of the Village's water utility. The water utility operates two water towers with 700,000 gallons of elevated water storage capacity,

600,000 gallons of ground level storage capacity, has over 231,000 linear feet of water mains, and operates four wells.

The estimated starting cash balance in the water fund for 2017 is \$671,226 and the estimated ending balance is \$711,711. The water utility was approved for a rate increase in 2016. The water utility's capital projects in 2017 are:

- Lead service replacements, \$39,000;
- Meter replacements, \$42,500;
- Well #6 inspection, \$32,000;
- Well #5 reroof, \$24,000;

The water utility will pay cash for all of its 2017 capital projects.

Sewer Utility: This fund is used for the operation of the Village's sewer utility. The utility operates the wastewater treatment plant, 236,782 feet of sewer main, and eleven lift stations. The plant is currently planning for future expansion (estimated in 2017-2018).

Design for the new plant has begun and we anticipate construction starting in 2017 for a 2018 completion. We are budgeting to pay over \$3M in cash toward the estimated \$13M in costs for an estimated \$10M loan. We will have more accurate numbers after preliminary engineering work is complete in the fall of 2016.

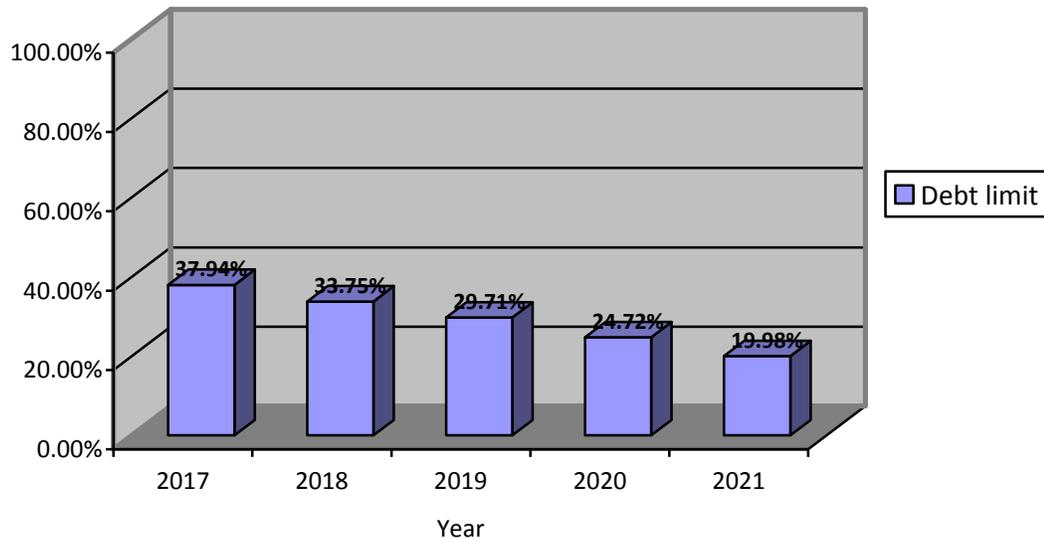
The estimated starting cash balance in the sewer fund for 2017 is \$1,639,869 and the estimated ending balance is \$1,509,042. The sewer utility's capital projects in 2017 are:

- Brookwood lift-station pump replacement, \$42,000;
- Stewart Park West Liftstation Transducer, \$8,500;

The sewer utility will pay cash for all of its 2017 capital projects.

Charts & Graphs

Village Debt Limit by Year



Debt

Debt Types:

- General Obligation Debt – The defining feature of general obligation debt is the source that secures its repayment - an ad valorem tax levied on all taxable property within the limits of the municipality at the time the general obligation is issued. Chapter 67 of the Wisconsin statutes governs the issuance of various obligations generally known as general obligation bonds or notes.
- Revenue Debt – Revenue bonds and notes are payable from the revenues derived from the operation of the water, electric, or sewer utilities. These bonds are not secured by the full faith and credit of the taxing ability of the municipality and as such, they are generally considered a slightly higher risk to investors.
- The Village, like all municipalities in the State of Wisconsin, is required to borrow no more than 5% of its equalized assessed value within the community. This limit applies only to general obligation debt. The estimated 2017 equalized value is \$625,172,738.

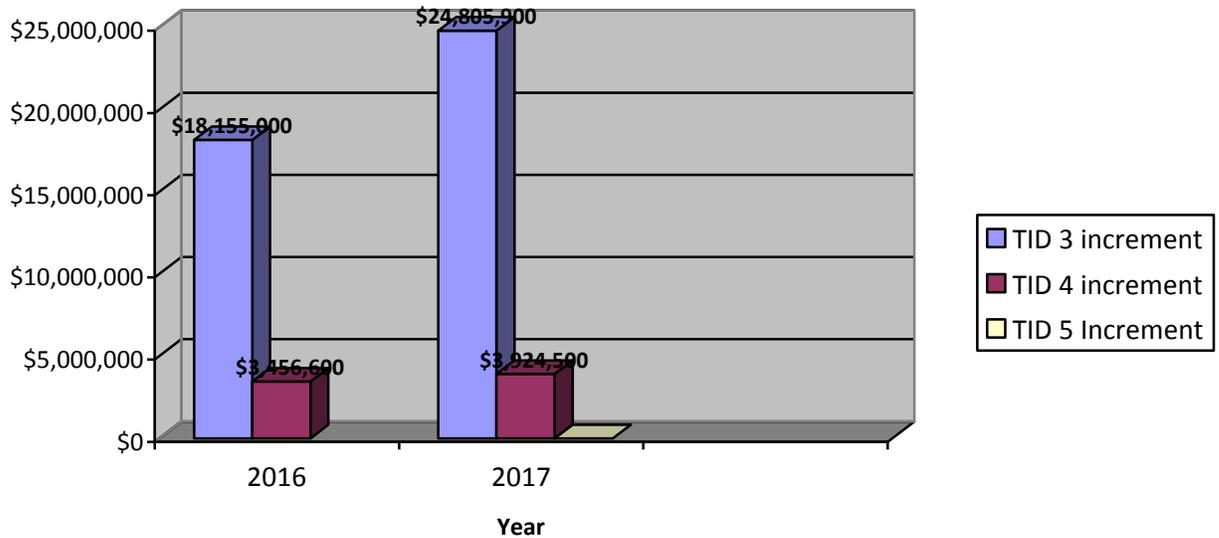
This means that the Village can legally borrow \$31,258,937. No additional borrowing is anticipated until 2019, unless borrowings are needed for the Joint Public Safety Building and TID #5. The Village will be at 37.94% of its debt limit in 2017 and 19.98% of its debt limit in 2021.

Debt Highlights:

- Total sewer-related debt payments in 2017 are \$112,978.
- Total water-related debt payments in 2017 are \$186,450
- Total electric-related debt payments in 2017 are \$256,479.
- Total general Village-related debt payments in 2017 are \$1,722,772.
- Of the \$1,722,772 amount, \$1,126,595 is from the debt service fund and \$596,177 is from the TID debt service fund.
- Total general obligation debt service payments in 2017 are \$1,833,022. Total revenue debt service payments in 2017 are \$445,657.
- Total revenue debt for 2017 is \$17,328,129. This includes the borrowing for the new WWTF. Total General Obligation debt will be \$11,860,266.

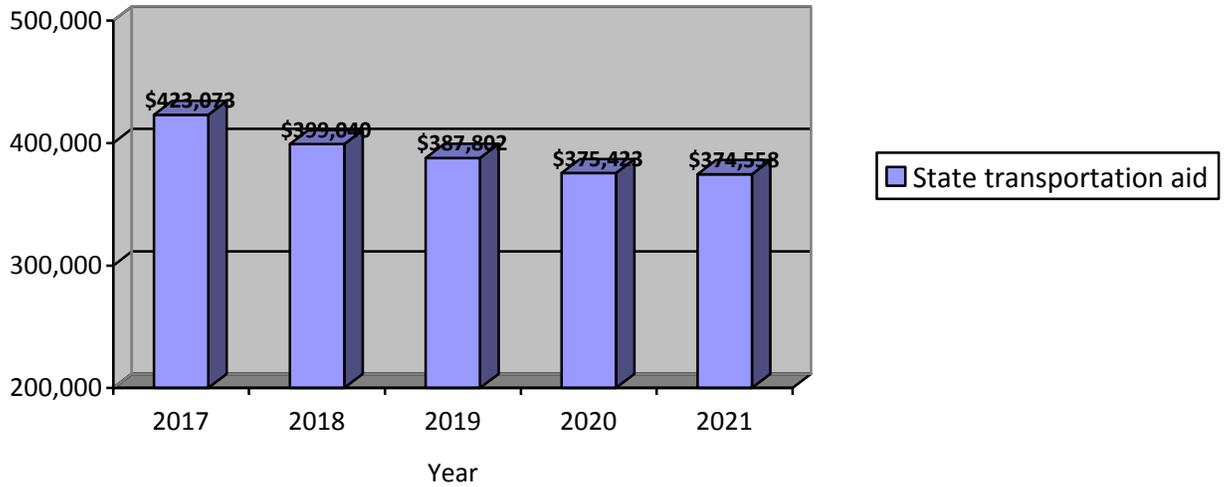
Debt Forecast: The five-year financial forecast shows general obligation debt dropping significantly by the end of 2020. Revenue debt will increase as a result of the new wastewater treatment facility scheduled for 2017. General obligation debt should drop from \$11,860,266 in 2017 to \$6,435,205 in 2021; depending on new debt.

TID Increment Values



- The increment value in the two tax increment districts (TIDs) has a direct effect on the amount of property tax levy required from taxpayers to cover any shortfall in the district for required loan payments. TID #4 has a good cash flow for its remaining life and some additional funding to help facilitate the right project that could bring additional value to the district. TID #3 has shown improvement over the last two years but could benefit greatly in the long-term from additional development.

State Transportation Aid



- The State of Wisconsin provides financial aid for transportation-related projects based in part on a 6-year rolling average of actual road projects in the Village. The Village will see an increase in state transportation aid in 2017, and then funding will be slightly lower in 2018 through 2021. The Village is budgeting accordingly each year based on anticipated transportation aid revenues. Beginning in 2019 the Village will again be doing annual street projects which increase the transportation aid and provide a more stable source of funding.

Five-Year Capital Improvement Plan

The Village completes a 5-year Capital Improvement Plan (CIP) to provide budget decision makers with a solid tool for planning for the future of the Village. Department heads provide the Village Administrator with detailed capital needs for their department. The Village projects capital needs for five years into the future. The 5-year CIP is a separate document and the Village Board will review it for approval apart from the operating budget.

The 5-year capital budget includes the following budgeted expenses for combined "Village" and "Utility" projects:

- \$10,657,200 in projects for 2017;
- \$941,150 in projects for 2018;
- \$1,308,700 in projects for 2019;
- \$1,420,900 in projects for 2020;
- \$1,373,150 in projects for 2021

The higher costs in 2017 are associated with the construction of a new wastewater treatment facility. The 2019, 2020 and 2021 budgets include \$750,000, \$1,175,000 and \$500,000 respectively for street reconstruction projects.

Levy

The Village levies from ten (10) different funds and eight (8) of these funds are inter-related due to their connection to the state imposed levy limit. The following funds are at least partially funded by a levy:

- General Fund
- Library
- Outreach/Nutrition (Senior Center)
- Capital Projects
- Revolving Loan
- Employee Retirement Insurance Fund
- Swimming Pool
- Tax Increment Districts (TID)
- Debt Service
- TID Debt Service

The total combined levy from levy-limit funds cannot be more than the state imposed limit, which for 2017 is 1.64% more than the levy in 2016. The levy for 2017 complies with this requirement. The two debt service levies are not subject to the levy limit. For 2017, the Village's levy toward the levy limit is \$3,362,403. The total general levy is \$4,186,140. The total levy amount will be added to the TID increment to determine the total final levy. Not including the TID increment calculations, still pending from the State, the general levy is set to increase by 10.03%; however, with additional assessed value in the community, the net levy to the taxpayer is set to increase by 9%. This represents an annual increase of \$140 on a \$250,000 assessed property.