



## RIVER FALLS CITY COUNCIL WORKSHOP REGARDING THE 2024-2028 CAPITAL IMPROVEMENT PLAN

June 27, 2023, 5 p.m., Training Room, City Hall

**City Council Members Present:** Dan Toland, Todd Bjerstedt, Jeff Bjork, Sean Downing, Scott Morrissette, Diane Odeen

**Members Absent:** Nick Carow, Alyssa Mueller

**City Staff Present:** City Administrator Scot Simpson; IT Specialist Jon Smits; Assistant to the City Administrator Jennifer Smith; Assistant City Administrator Jason Stroud; Management Analyst Fellow Sara Kasel; Community Services Director/City Clerk Amy White; Finance Director Josh Solinger; Economic Development Manager Keri Schreiner; Utility Director Kevin Westhuis; Community Development Director Amy Peterson; Police Chief Gordon Young; Public Works Manager Erica Ellefson

**Others:** Patricia La Rue, Ben Fochs

At 5:01 p.m., the workshop was called to order by Mayor Toland. Finance Director Josh Solinger began the presentation.

He showed a slide illustrating fiscal planning and implementation showing different city plans and their connection. The plans are complimentary.

Solinger said capital items have a value of \$5000 or more and useful life of over one year. The ten-year capital improvement plan is prepared with emphasis on every five years. The CIP is currently updated every two years with the fiscal plan.

Solinger showed the CIP theme slide. Themes include financial sustainability, long-term strategic growth, and continued investment in infrastructure.

Solinger showed a slide with city funds. Funding sources vary by fund. There are two capital funds – the general capital fund and the utility equipment capital fund.

- Capital funds are made up of tax levy, grants, donations, developer contributions, fund reserves and borrowing
- Utility funds are financed by charges for services, impact fees and borrowing
- TIDS funds come from tax increment revenue from developments and borrowing
- Special revenues funds are charges for services, tax levy, grants, and donations
- Internal services fund relies on internal allocations to other city fund that maybe funded by any of the above sources

Solinger showed the 2024-2028 Fiscal Plan – Levy Projects slide. The slide showed figured that compared 2024-2028. The figures were for levy support projects and vehicles. With fiscal plan, one of the features is we allocate uses into five buckets. Each use of levy meets state levy requirements.

Solinger showed a slide that showed an estimated general obligation borrowing for 2024-2028. This includes \$8 million borrowing for the biosolids facility and \$9.5 million for various components of the Mann Valley project. Solinger talked about the reasons and benefits of borrowing. For the planned borrowing over the next

five years, we would not exceed 50% of the state's indebtedness. We would assume one percent growth. It is a conservative forecast. He talked about debt service payments which were forecasted on current market rates. Solinger talked about the mill rate. Growth will allow the mill rate to drop.

Solinger showed a slide of utility considerations. Staff consider the following:

- Expense requests, cash financing (working capital 90 days coverage), debt financing (revenue to debt coverage 1.5X)

Morrisette asked how Solinger came up with 1.5. He provided an explanation.

- Growing customer base important but challenging variable
- Cost of service studies underway (using WPPI and Trilogy)
  - Electric (initial date received and clarifying with WPPI), water-August, sewer-August
- Things Josh is watching:
  - Electric (working capital), water (revenue to debt coverage), sewer (working capital)

Downing asked if it included a transportation utility fee and where is it in the courts in Wisconsin. City Administrator Simpson said he'd have to research on current case law. He clarified the question with Downing. Simpson said we haven't assumed anything in utilities as a part of CIP forecasting.

Solinger talked about future adjustments for 2025-2028 based on studies. He said there could be possible future council discussions regarding utility rates.

Councilors had questions about rates. There was discussion. Solinger provided answers.

Solinger showed a slide of the 2024-2028 Capital Improvement Plan which showed the departments and the amounts allotted to them. He said all funds over five years totaled \$79 million. Solinger showed a slide which broke down the CIP by funding source.

The next slide showed the 2024-2028 project highlights which were:

- Kinni Corridor Implementation - \$26 million
- Fire Station - \$8.5 million
- New well #7 - \$1.9 million
- Main Street Reconstruction - \$7.6 million
- Library Facility Study Implementation (funded with donations) \$2,588,000
- Electric North Substation Transformer \$2,500,000 (driven by Mann Valley development)
- Electric Transformer Replacements \$1,350,000
- Sewer main Slip Lining \$924,000
- Vehicle Replacements \$765,000
- Fire Portable Radios \$643,000
- Water ongoing AMI implementation \$623,000
- Reconstruction of East Division street \$571,000
- TID 10 – Streetlights and Boulevard Trees \$400,000
- TID 17 – Paulson Road Streetlights \$375,000
- City Hall Solar Panels \$200,000
- Stormwater Hoffman Basin Flood Study \$183,000

Solinger talked about most of the projects providing details and funding sources.

Solinger continued and showed a slide of projects that Council were interested in but were not included in the current CIP.

- Hoffman Park Master Plan Implementation (parking lots, new pavilion, softball field improvements, new entrance road)
- Glen Park Master Plan Implementation (Phase 2: pool, ice rink, east shelter/warming house, kayak launch and drop)
- Public Works Building expansion/renovation (excludes both design and construction)
- Additional dog park(s)
- Downtown master plan implementation (other than Main Street reconstruction)
- Downtown alley upgrades

Solinger concluded his presentation. This is a draft CIP. The CIP will likely be submitted to Council at the first meeting in August. Funding sources and uses for 2023 will be appropriated as part of the 2024 budget adoption in November.

Utility Director Kevin Westhuis followed up with Morrissette's question about when the last rate study was done.

Aldersperson Downing asked about including the St. Croix pond clean up in the plan. Simpson said staff is not recommending including it at this time. He said the latest project we have done is adequate to service 5-15 years of additional time. Simpson provided background. He said it has been totally reconstructed. It is not recommended. There are some benefits. We are not thinking it is a priority given all that we must accomplish. He talked about storm water revenue going into Kinni Corridor. Council could add St. Croix pond. Downing said if we could get a grant that would be a good option. Simpson said the city has likely eliminated its competitiveness due to the improvements we have already made. The state is likely to award a community that has a greater need.

Simpson said the Council can alter, modify, add, subtract new projects. We tend to have anticlimactic approach to spending \$80 million. We are relying on Council representatives for committee input. If we missed something that is an obvious priority, bring attention to it.

Simpson said the fire station is rapidly developing situation. We are more confident that we will get funding at a lower dollar amount than we hoped. Simpson talked about the city and its partners coming up with money and funding. Planning and design in 2027-2028 which could be accelerated. Simpson provided information on fire station. Solinger talked about funding from rural fire. Simpson spoke further.

Simpson has reviewed the plan, and staff can accomplish it. He talked about reconstruction of Main Street.

Bjerstedt asked if the clock is ticking regarding grant money. Simpson said it has not been awarded. He thinks acquisition of design is okay. We would have three years to go into it. Do RFP for design and engineering, start the project. It's possible there's some caveat we don't know about. Simpson spoke further. He talked about not doing the project or scaling the project back if we don't get the funding needed. Simpson continued providing more details.

Council wants second workshop. Simpson said councilors shouldn't advocate with each other about projects. He talked about the CIP book and formatting. Solinger said there was one detail page for each project.

Simpson talked about projects multiple Councilors were interested. He talked about body worn cameras. He doesn't believe they are budgeted in the next five years. It is a dynamically changing item. He talked further about it. Simpson asked Council if there were any other projects, he didn't fund that Council was interested in.

Odeen asked about changes to shared revenue. She assumes it's going to help. Where can we expect to see any effect.

Solinger said the effect would be in the fiscal plan on the operating side. It will allow us to provide some levy relief. He talked about it being connected to sales tax which is a volatile revenue source because it's tied to consumer spending. Simpson talked about plotting sales tax from past history and making a plan.

Simpson talked about scenarios if the fire department was the Council's next priority project. He talked about funding regarding the fire station.

Simpson thanked Solinger, Kristine Bascom, and Jason Stroud for their work on the CIP. Simpson thought we were proud of where we are at. He continued to talk about funding and revenues and possible scenarios.

**The workshop adjourned at 6:12 p.m.**

Respectfully submitted,

Kristi McKahan, Deputy Clerk