

Thursday, November 16, 2023

11:00 AM

McFarland Municipal Center  
Conference Room A

## AGENDA

You are invited to this meeting through a Zoom webinar. The public may attend in-person or remotely through the webinar or telephone options listed below.

PLEASE CLICK THE LINK BELOW TO JOIN THE ZOOM WEBINAR:

<https://us02web.zoom.us/j/85638387610>

Or by Telephone: +1 (312) 626-6799

Webinar ID: 856 3838 7610

Press \*9 to raise/lower hand. Press \*6 to mute/unmute.

## 1. CALL TO ORDER, ROLL CALL.

## 2. PUBLIC APPEARANCES.

- a. This is an opportunity for members of the public to address the Finance Committee for items that are not on the agenda. Please remember this is a hybrid meeting conducted in person and through the Zoom online meeting platform. Meeting attendees wishing to address the Committee about items not on the agenda may do so at this time. Zoom attendees should type their name and address in the Question and Answer feature within the Zoom online meeting platform at this time. Members of the public who are present in person and wish to address the Committee should fill out a public comment form and turn into the meeting chairperson. When you are called upon to speak, state your name, address, and provide your comments to the Committee for their consideration. Please adhere to the 3-minute time limit. Additionally, you may send your public comments to [finance@mcfarland.wi.us](mailto:finance@mcfarland.wi.us) to be included as part of the meeting.

Members of the public may also speak during their selected agenda item as they designate on the public comment form or in the Question and Answer feature on Zoom.

## 3. APPROVAL OF MINUTES.

- a. Motion to approve the minutes of the September 21, 2023 meeting.

## 4. BUSINESS.

- a. Discussion and action to make a recommendation to the Village Board regarding a Community Grant Application from McFarland United Church of Christ.
- b. Discussion and action to make a recommendation to the Village Board to accept the Library Impact Fee Study and Public Safety Center Impact Fee Study.
- c. Discussion and action to make a recommendation to the Village Board regarding Ordinance #2023-13: an ordinance to amend the Municipal Code concerning impact fees.
- d. Discussion on updates to the Finance Committee work plan regarding policy reviews.
- e. Discussion and action to make a recommendation to the Village Board regarding updates to Chapter 1 (Accounting and Auditing) of the Fiscal Policy manual.

f. Discussion regarding updates to Chapter 2 (Budget Development) and Chapter 11 (Revenues) of the Fiscal Policy manual.

5. SCHEDULE NEXT MEETING DATE.

a. Thursday, December 21, 2023 at 11:00 am - Requested for cancellation.

b. Thursday, January 18, 2023 at 11:00 am.

6. ADJOURNMENT.

Any person who has a qualifying disability as defined by the Americans with Disabilities Act that requires the meeting or materials at the meeting to be in an accessible location or format should contact the McFarland Municipal Center at (608)838-3153, 5915 Milwaukee Street, McFarland, Wisconsin, or [village.clerk@mcfarland.wi.us](mailto:village.clerk@mcfarland.wi.us) by 2:00 p.m. at least 5 business days prior to the meeting so that any necessary arrangements can be made to accommodate each request. If the meeting or request is less than 5 business days from the meeting, requests for accommodations may still be made and reasonable efforts will be made to accommodate each request.

VILLAGE OF MCFARLAND

**Finance Committee Minutes**

*Thursday, September 21, 2023 - 11:00 AM*

**1. CALL TO ORDER, ROLL CALL.**

Village Trustee Hilary Brandt called the regular meeting of the Finance Committee to order at 11:02 AM in Conference Room A.

Members present: Hilary Brandt, Stephanie Brassington, Michael Flaherty

Members not present: None

Staff Present: Village Administrator Matt Schuenke, Community & Economic Development Director Andrew Bremer and Accountant/Deputy Treasurer Jennifer Haried

**2. PUBLIC APPEARANCES.**

*a. This is an opportunity for members of the public to address the Finance Committee for items that are not on the agenda. Please remember this is a hybrid meeting conducted in person and through the Zoom online meeting platform. Meeting attendees wishing to address the Committee about items not on the agenda may do so at this time. Zoom attendees should type their name and address in the Question and Answer feature within the Zoom online meeting platform at this time. Members of the public who are present in person and wish to address the Committee should fill out a public comment form and turn into the meeting chairperson. When you are called upon to speak, state your name, address, and provide your comments to the Committee for their consideration. Please adhere to the 3-minute time limit. Additionally, you may send your public comments to [finance@mcfarland.wi.us](mailto:finance@mcfarland.wi.us) to be included as part of the meeting.*

*Members of the public may also speak during their selected agenda item as they designate on the public comment form or in the Question and Answer feature on Zoom.*  
None.

**3. APPROVAL OF MINUTES.**

*a. Motion to approve the minutes of the August 31, 2023 meeting.*

Motion by Village Trustee Hilary Brandt, second by Village Trustee Stephanie Brassington, to approve the minutes of the August 31, 2023 meeting. Motion carries 3 - 0 - 0 by acclamation.

**4. BUSINESS.**

*a. Discussion regarding acceptance of the Library Impact Fee Study and Public Safety Center Impact Fee Study.*

Community & Economic Development Director Andrew Bremer presented information regarding the Library Impact Fee study and the Public Safety Center Impact Fee study to the committee.

*b. Discussion and action to make a recommendation to the Village Board regarding the creation of Chapter 14 of the Fiscal Policy Manual as the Affordable Housing Fund Policy.*

Motion by Village Trustee Hilary Brandt, second by Village Trustee Michael Flaherty,

to recommend to the Village Board regarding the creation of Chapter 14 of the Fiscal Policy Manual as the Affordable Housing Fund Policy. Motion carries 3 - 0 - 0 by acclamation.

**5. SCHEDULE NEXT MEETING DATE.**

a. Thursday, October 19, 2023 at 11:00 am - CANCELLED.

b. Thursday, November 16, 2023 at 11:00 am.

**6. ADJOURNMENT.**

Motion by Village Trustee Michael Flaherty, second by Village Trustee Stephanie Brassington, to adjourn at 11:49 am.

Pursuant to law, written notice of this meeting was given to the public and posted on the public bulletin board in accordance with Open Meetings Law.

Respectfully submitted,  
Jennifer Haried  
Accountant/Deputy Treasurer

  
**McFarland**  
**SUMMARY SHEET**

**MEETING DATE:** Thursday, November 16, 2023

**SECTION:** Business

**DEPARTMENT:** Administration

**CONTACT:** Matt Schuenke, Village Administrator

**AGENDA ITEM:** Discussion and action to make a recommendation to the Village Board regarding a Community Grant Application from McFarland United Church of Christ.

**PREVIOUS ACTION:**

None.

**ISSUE SUMMARY:**

Please find enclosed for review an application to the Community Grant Program from McFarland United Church of Christ. Staff conducted its review for completeness and completed a form also outlining our findings.

**FINANCIAL/BUDGET IMPACT:**

The request from the grant program is for \$2,500. The Committee has discretion in how much it wishes to recommend within its approval to the Village Board.

To date we have awarded \$6,055 from the program with \$13,945 left that has not been obligated.

**VILLAGE PLAN REFERENCE:**

None

**ORDINANCE REFERENCE:**

**Chapter 13 - Community Grant Policy**

Enclosed within this item. This policy outlines the parameters by which the funds allocated for Community Grants can be expended. The Committee should review applications while considering the Program Objectives in Section 13.04 and the evaluation criteria outlined in Section 13.08 under Application Evaluation.

**BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:**

Recommended Action

*Motion, second to recommend approval to the Village Board regarding a Community Grant Application from the McFarland United Church of Christ in the amount of \_\_\_\_.*

**ATTACHMENTS:**

1. McFarland UCC - Racial Justice Group - Indigenous Peoples Justice Project Community



Grant Application

2. Community Grant Application Review - McFarland UCC 10242023
3. Chapter 13 - Community Grant Program 05232023 FINAL

# Community Grant Program Application

## Program Description

The Village of McFarland recognizes that support within the Community exists and develops in many different facets. In order to foster programs and ideas to create a healthier and more equitable environment within our Community, this Community Grant Program is created to catalyze projects that improve our local quality of life within eligible activities.

For more information, please review [Chapter 13 of the Village's Fiscal Policy Manual](#) or contact [Village Administrator Matt Schuenke](#).

## Eligibility Information

Community organizations that are an active group or organization that regularly meets within the Village of McFarland that is tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code or that provide charitable services, sponsorships, or donations within the Community without discrimination on the basis of sex, race, religion, creed, color, national origin, age, disability, sexual orientation, ancestry, marital status, arrest or conviction record, military status, or any other legally protected status.

## Organization/Group Information

<b>Organization/Group Name</b>	McFarland UCC - Racial Justice Group - Indigenous Peoples Justice Project
<b>Organization/Group Address</b>	5710 Anthony Strett, McFarland WI 53558
<b>Please describe mission/purpose/goals of Organization/Group</b>	<ul style="list-style-type: none"><li>-build on important community work with the Ho-Chunk Nation.</li><li>-Community dialogue, identify meaningful action steps, and development of an implementation plan</li><li>- Kick off: Mark Charles, national Indigenous author to present truthful knowledge of the "Doctrine of Discovery". Facilitated dialogue between Mr. Charles and members, partners and broader community will guide and define meaningful actions toward reconciling and healing; reception to follow</li></ul>

## Main Contact Information

<b>Main Contact First Name</b>	Rachel
<b>Main Contact Last Name</b>	Saladis
<b>Main Contact Address, Including City, State, Zip</b>	2912 Camp Leonard Rd McFarland WI, 53558
<b>Main Contact Phone Number</b>	608-219-4345
<b>Main Contact E-mail Address</b>	rachel.saladis@gmail.com

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**Main Contact Role within Organization/Group** Racial Justice Committee Chair

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**Main Contact Role within the Project** Co-Lead - event coordination

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**Describe Main Contact's Experience with Organization/Group and/or Similar Projects** Chair of MUCC Racial Justice Committee - 4 years  
Member - MCF Equity Project

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## Community Grant Program Application

### Key Personnel

In addition to the main contact identified on the previous page, please identify all key personnel within organization/group and/or involved in the project.

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i. **First Name**

Becky

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**Last Name**

Cohen

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**Role within Organization/Group and/or Project**

Co-Lead - event coordination

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**Describe Experience within Organization/Group and/or Similar Projects**

Member MUCC Racial Justice Committee  
DHS - public health equity

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### Grant Request Information

**The Organization/Group is requesting funding for: (Check all that apply)**

- Enhancement of community/neighborhood engagement, special event development, and/or public education
- 

**Amount of funding being requested**

2500

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<b>Describe funding request</b>	<p>Anticipated budget \$7,400 with planned expenses, for Mark Charles' visit to McFarland to include:</p> <ul style="list-style-type: none"> <li>- Saturday evening Community presentation and reception; event to be available to broad audience via ZOOM, and recorded for future learning opportunities</li> <li>- AV support for presentation</li> <li>- Mark Charles' travel expenses</li> </ul> <p>- ongoing community engagement - learning opportunities, collaboration, and action steps may include:            book studies, relationship building/ collaborative activities with HoChunk Nation, meaningful action steps toward reparation, involvement in family festival and other community events</p>
<b>Describe goals/objectives of project</b>	<p>Within the our community, we foresee change happening within the hearts across all ages. We will act and discern our roles as individuals and institutions, determine next steps, advocacy, and build a truthful partnership within our community, our churches, and Ho-Chunk Nation, communicating honestly and openly to confront racism and injustice. All partners will gain collective knowledge of the Doctrine of Discovery and impact here in WI. Together we can address needed policy/legal changes and protect sacred lands. The Doctrine and Manifest Destiny must be unraveled and as a vision of Indigenous Peoples justice unfolds and a truthful history is told. All involved will learn about Native history, gain respect of their cultures, beliefs and their stewardship of the land. We seek to promote and lead interactions to discern the role each of us plays in confronting all racism.</p>
<b>Describe budget of project</b>	<p>7500.00 estimated cost of speaker fee plus travel expenses          1000.00 estimated cost of reception - simple catered food/beverage options - meat/cheese platters, fruit/veggie platters, coffee, tea, lemonade,          2000.00 - opportunities for ongoing collaboration, learning and meaningful action planning, including a book reading of Mark Charles' book "Unsettling Truths: The Ongoing Dehumanizing legacy of the Doctrine of Discovery" This book review is planned to be a facilitated discussion with Mr. Charles to further engage collaborative partners in a call to action toward confronting injustice and racism.</p>
<b>Describe timeline of project</b>	<p>Project began 08/10/23 initially with agreement to support the Racial Justice Ministries in moving forward to invite and secure Mark Charles as a presenter for our church and community partners. We will host Mark Charles for the weekend of November 18-20. During the weekend several learning opportunities are planned. Community dialogue, identify meaningful action steps, and development of an implementation plan are listed. A Saturday evening presentation and reception are open to our congregation, invited partners, members of the Ho-Chunk Nation and other Tribal Nations, students, community members and other congregations. The presentation will be available via Zoom and recorded providing access to other churches. Mr. Charles will provide the message during our Sunday service November 19th. After service members will discuss next action steps with Mr. Charles. On Monday he will speak to students at the high school. We will host a book reading of Mark Charles' book "Unsettling Truths: The Ongoing Dehumanizing legacy of the Doctrine of Discovery". Initial project plan includes a wrap-up session in 01/24, at which time there will be a discussion on whether there is a need to continue action development, and if it makes sense for MUCC to be the organizing entity for this work</p>

## References

Please provide references

i. **Organization/Group Name, if applicable**

Mc Farland UCC

**Contact Person's First Name**

Bryan

**Contact Person's Last Name**

Sirchio

**Contact Person's Phone Number**

608-838- 9322

**Contact Person's E-mail Address**

pastorb@mcfarlanducc.org

**Please describe the nature of the relationship with this reference, including any experience of working with your Organization/Group on a similar project**

In addition to be a member of the MUCC Racial Justice team, Pastor Bryan is well connected in the community, is on the MCF Equity Project Leadership Team, and is a coordinator of Haiti Allies, Convergence Music Cooperative.

Please select the plus sign below to add additional references.

## Cover Letter

Please submit a Cover Letter summarizing your request.

File(s) attached:



Cover Letter.docx

## Additional Attachments

Please attach any other supplementary information supporting the funding request. This area could also include letters of support for the funding request.

## Acknowledgements

**The Organization/Group submitting this application acknowledges the following:**

- The Organization/Group meets the eligibility requirements identified in Chapter 13 the Village of McFarland Fiscal Policy Manual.
- The Organization/Group is expected to seek additional resources to accomplish project goals.
- Funding may be granted at the discretion of the Village of McFarland and subject to the availability of funds.
- At the completion of the project, the Organization/Group will submit to the Village of McFarland a Project Summary outlining how the funds were used within the proposal awarded.

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**Name of Person Submitting Application** Rachel Saladis

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**Role within Organization/Group** MUCC Racial Justice Committee Chair

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**As the person submitting this application, I certify that:**

- To the best of my knowledge and belief with regard to the foregoing application and any attachments thereto, I have read and made complete answers to each question and that my answers in each instance are true and correct.
  - I am authorized by the Organization/Group to submit this application on behalf of the Organization/Group.
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**Signature**



**Date**

10/23/2023

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October 23, 2023

Village of McFarland  
5915 Milwaukee Street  
McFarland, WI 53558

Matt Schuenke  
Village Administrator

Dear Mr. Schuenke:

I am writing on behalf of the Racial Justice Committee at the McFarland United Church of Christ. Our committee is committed to efforts to address prejudice, injustice, and racism, in all forms. As part of this commitment, we have developed *The Indigenous Peoples Justice Project*.

Our Justice project begins by inviting Mark Charles the weekend of November 18-20. His presentation and a reception to follow are scheduled for Saturday. The presentation will be available via Zoom and will be recorded, to increase access. Our goal is to raise awareness and knowledge of this truthful learning on Saturday evening. On Monday he will also speak to students at the high school, and we have committed to financial support of this important component of the learning.

The McFarland community over the past few years demonstrated its commitment to understanding the history of the land we live on and in establishing relationships with Indigenous peoples, the Ho-Chunk. The McFarland Village Board, School Board, and the Indigenous Solidarity Collective worked with Native members from the Ho-Chunk Nation to create a formal Land Acknowledgement. A well-attended Ceremony to celebrate this Land Acknowledgement was held September 23, 2023. Relationships with the Ho-Chunk Nation will be ongoing.

McFarland UCC is taking an important step forward. We plan to foster community dialogue, discern our individual and institutional role in confronting **all** racism, promote awareness of Indigenous Peoples injustice made legal through the "Doctrine of Discovery". We seek funding to help with the costs to bring Mark Charles to our community, and to extend the learning beyond one event, to include opportunities for ongoing collaboration, relationship building, and meaningful actions toward reparations.

Thank you for your consideration of our project funding request.

Sincerely,  
Rachel Saladis  
MUCC Racial Justice Committee Chair

Community Grant Application

Staff Review

Applicant	McFarland United Church of Christ				Submittal: October 23, 2023
Cover Letter	Yes	No	Application	Yes	No
			Supplemental	Yes	No
Eligible	Yes	No			
Reason	Active committee of a local operating church.				

Fundable Requests – Applicant Selected:

- (a) Enhancement of community/neighborhood engagement, special event development, and/or public education.
- (b) Youth mentoring and education.
- (c) New, small capital projects and/or equipment.
- (d) Promotion of health, wellness, food security, and natural care.
- (e) Advancement of sustainable ideas for the better of the local environment.
- (f) Adult education and workforce development.
- (g) Other funding may be considered if in the sole discretion of the Village it is determined the request enhances the quality of life within the Community.

Application Complete **Yes** No

Staff Comments

*The Committee will need to review the application and concur that the intended use of the funds is not for “religious purposes, whether directly or indirectly”. Section 13.03 within the policy determines eligibility and states the following under subsection (b)(5)... “Religious organizations seeking to use grant proceeds for religious purposes, whether directly or indirectly, as determined by the Village.”*

Reviewer Matt Schuenke Review Date October 24, 2023

Committee Review November 16, 2023

Village Board Review November 28, 2023

## **CHAPTER 13      Community Grant Program**

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### **SECTION 13.01      Program Description**

The Village of McFarland recognizes that support within the Community exists and develops in many different facets. In order to foster programs and ideas to create a healthier and more equitable environment within our Community, this Community Grant Program is created to catalyze projects that improve our local quality of life within the eligible activities.

### **SECTION 13.02      Purpose**

The purpose of this policy is to provide uniform guidelines to:

- (a) Provide a framework for the fair and transparent disbursement of public funds in support of this program;
- (b) Ensure that all applicants to the program are treated fairly and equitably;
- (c) Minimize administrative oversight and encourage consistency in the application process; and
- (d) Provide Village Board and Staff with guidance on appropriate expenditures, record keeping, and reporting expenses related to this program.

### **SECTION 13.03      Eligibility**

- (a) Community organizations that are an active group or organization that regularly meets within the Village of McFarland that is tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code or that provide charitable services, sponsorships, or donations within the Community without discrimination on the basis of sex, race, religion, creed, color, national origin, age, disability, sexual orientation, ancestry, marital status, arrest or conviction record, military status, or any other legally protected status.

- (b) The following entities are not eligible to apply for the grant program:
  - (1) Individual Applicant.
  - (2) Organizations awarded one (1) grant within the same calendar year.
  - (3) K-12 education institutions (unless said institution has an incorporated, non-profit element that submits an application).
  - (4) Post-secondary educational institutions.
  - (5) Religious organizations seeking to use grant proceeds for religious purposes, whether directly or indirectly, as determined by the Village.
  - (6) Foundations or other organizations utilizing funds exclusively for personal expenses.

**SECTION 13.04 Program Objectives**

- (a) Enhances the vibrancy and livability of the Village.
- (b) Demonstrates creativity, innovation, and addresses Community needs.
- (c) Aligns with the goals and objectives of the Village to partner in improving the local quality of life.
- (d) Provides realistic vision on Community impact and outreach.
- (e) Aligns with diversity, equity, and inclusion initiatives of the Village.

**SECTION 13.05 Fundable Requests**

Funding requests with a strong and realistic plan for success as follows:

- (a) Enhancement of community/neighborhood engagement, special event development, and/or public education.

- (b) Youth mentoring and education.
- (c) New, small capital projects and/or equipment.
- (d) Promotion of health, wellness, food security, and natural care.
- (e) Advancement of sustainable ideas for the better of the local environment.
- (f) Adult education and workforce development.
- (g) Other funding may be considered if in the sole discretion of the Village it is determined the request enhances the quality of life within the Community.

### **SECTION 13.06 Non-Fundable Requests**

The following requests may not be funded in accordance with this policy:

- (a) Annual and/or ongoing capital campaigns including support for debt service or endowment funds.
- (b) Building projects either new construction or remodeling.
- (c) Land acquisition.
- (d) Ongoing maintenance and operational support including personnel expenses.
- (e) Services otherwise supported through the health care system.
- (f) Lobbying.
- (g) Scholarships.
- (h) Sports and recreation events.
- (i) Personal expenses.

## **SECTION 13.07      Application Submittal**

Each request to be submitted to the Village for consideration shall provide the following:

- (a)    **Cover Letter.** Included within a separate heading summarizing the request.
- (b)    **Application.** Included within Appendix A of this policy. The Application will bring together the relevant information outlining the request proposal the applicant is looking to see funded. This will include but not limited to identifying the organization, funding request, goals/objectives, experience, identifying key personnel, budget, timeline, references, and submittal requirements.
- (c)    **Attachments.** Any other supplementary information needing to be attached to the application in order to support the funding request as filed. This area could also include letters of support for the funding request as provided.

## **SECTION 13.08      Application Evaluation**

The following criteria will be applied to the review of applications for funding:

- (a)    Request produces meaningful, reasonable, and sustainable outcomes.
- (b)    Strengthens and enhances neighborhood/community assets.
- (c)    Promotes self-sufficiency of individuals and/or organizations.
- (d)    As part of the application evaluation process, the Village shall conduct a criminal background check on representatives responsible for the applicant organization. The following will be among the factors considered in determining whether or not the applicant will be eligible for a funding award based on the results of the background check:
  - (i)    The nature and gravity of the offense(s).
  - (ii)   The time that has passed since the conviction and/or completion of the sentence.

- (iii) The nature of the position held by the individual and/or principal member.
- (iv) Procedures and policies in place to ensure the appropriate handling and use of monies.
- (e) Encourages coordination/collaboration with other relevant Community partners.
- (f) Fosters innovation and entrepreneurship.
- (g) Experience of the organization and the individuals responsible for administering the funds.
- (h) Timeline and the realistic nature of implementation.
- (i) Aligned with Village Goals and Objectives through the annual Strategic Implementation Plan.
- (j) **Review Process.** Each application submitted shall be reviewed as follows:
  - (i) **Staff Review.** All applications shall be filed with the Administration Department to ensure completeness of the information provided. Completed applications will be forwarded to the Finance Committee for consideration at their next available meeting scheduled at the discretion of the Village.
  - (ii) **Committee Review.** The Finance Committee shall review all applications submitted following Staff determination of completeness. They will review and provide a recommendation as to whether it should be awarded to the Village Board to ensure applications are complete. This recommendation may include to award as requested, award with conditions/modifications, or to not award.
  - (iii) **Board Action.** The Village Board shall receive the recommendation from the Finance Committee and in its sole discretion take action on the request.

**SECTION 13.09 Funding Awards**

- (a) Grant applications may be requested subject to the availability of funds and within the discretion of the Village. Program funding through this grant may or may not be the sole financial supporter of projects, as applicants are expected to seek additional resources to accomplish project goals.
- (b) The grant program may provide payment upon award of funding.
- (c) All funding awards subject to the availability of funds as authorized within the Annual Budget by the Village Board for the Village of McFarland.

**SECTION 13.10 Final Report**

- (a) **Project Summary.** Included within Appendix B of this policy. A Project Summary will bring together the relevant information outlining how the funds were used within the proposal awarded. This will include but not limited to identifying the organization, providing the summary, detailing conclusions, outlining a final budget, and other relevant information needed as applicable.

\* \* \*

**Appendix A** Application

**Appendix B** Final Report

Adopted: May 23, 2023

Revised: None

  
**McFarland**  
**SUMMARY SHEET**

**MEETING DATE:** Thursday, November 16, 2023

**SECTION:** Business

**DEPARTMENT:** Community Development

**CONTACT:** Andrew Bremer, Comm & Eco Dev Director, Matt Schuenke, Village Administrator

**AGENDA ITEM:** Discussion and action to make a recommendation to the Village Board to accept the Library Impact Fee Study and Public Safety Center Impact Fee Study.

**PREVIOUS ACTION:**

August 1, 2023 Finance Committee discussion only.

September 21, 2023 Finance Committee discussion only.

**ISSUE SUMMARY:**

Within the packet are copies of a draft Library Impact Fee Study (dated July 26, 2023) and Public Safety Center Impact Fee Study (dated July 5, 2023) prepared by the Village's consultant, Baker Tilly and Village staff. No changes to these reports have occurred since the August 1, 2023 Finance Committee meeting.

Communities that desire to collect impact fees are required to prepare Public Needs Assessments (Impact Fee Studies), which follows a prescribed process under State Statute 66.0617. The purpose of the attached draft studies is to meet these state statute requirements.

The purpose of impact fees is to recoup a portion of facility construction costs related to the oversizing of facilities to meet future population demand. It is common that during the construction and upgrade of public infrastructure/facilities, the majority of residents and businesses that will occupy the newly developed areas of the community may not yet be present. Development of land precedes the inhabiting of the property. While this may be an obvious fact, it holds important consequences for the public financing of new development. In order to apportion the public costs of new development fairly and responsibly, some measure must be undertaken to ensure that the entire cost of accommodating future development is not born solely by the current residents of the municipality. One such measure to accomplish this goal is the use of an impact fee on the new development to offset the initial cost to local taxpayers of satisfying the additional demand on the public infrastructure/facilities attributed to future growth of the Village.

**Library Impact Fee Study**

The last Public Needs Assessment for the Library was completed in 2006 as part of the construction of the current facility. The facility was designed for a future service population (Village + surrounding towns) of 15,755, which was estimated to be reached by year 2025. The current Library impact fee is \$710 per new single family dwelling units and \$431 per duplex and



multi-family dwelling units. In 2021, the Library completed a facilities study by EUA and VOGEL. This study provides the basis for estimating the future costs to add a second story to the Library to serve future service demands of the Library. Based on the analysis completed by Baker Tilly, the proposed impact fee for the second story addition is \$3,513 per single family dwelling unit, \$2,573 per duplex and multi-family dwelling unit and \$1,306 for group quarters.

Although the 2021 Public Library Facilities Study and this Library Public Facility Needs Assessment provide justification for a future impact fee adjustment, no changes to the amount of fee collected are recommended at this time. The Village should continue to collect the current library impact fee until either:

1. The service level reaches 15,755 (the level at which the existing Library was built to serve), or
2. When the amount of impact fees collected reaches \$831,980.00 (the total 2006 impact fee for the existing Library), or
3. At which time the Library is expanded (or funds have been borrowed for the project), whichever comes first.

At that time, staff recommends updating this report prior to adopting any new Library impact fee. State Statute requires any impact fees collected to be utilized within 8 years of collection otherwise those funds must be reimbursed. The 2006 Public Needs Assessment estimated the Village would reach the 15,755 serve level by year 2025. The 2006 study also estimated the second story would be added to the Library in 2035. The Village's current 2023-2027 Capital Improvement Plan does not include expansion of the Library. This study estimates the Library's current service population is 13,722, or 884 persons less than the 15,755 service level. This equates to adding approximately 329 new single family households to the service area, assuming 2.69 persons per household. From 2006 through 2022, the Village has collected \$453,302 in Library impact fees, leaving a balance of \$378,678 to be collected based on the 2006 total library impact fee of \$831,980. Based on the above rationale, staff recommend the acceptance of the new Library Impact Fee Study but no changes in the fee collected at this time.

### **Public Safety Center Impact Fee Study**

The Village currently does not have an existing Public Safety Center impact fee. Unlike the existing Library and Park impact fees, the Public Safety Center impact fee would be applicable to both new residential development and new commercial/industrial development as fire, EMS, and police services are necessary to support commercial/industrial development. Based on the analysis completed by Baker Tilly, the proposed impact fee as of July 5, 2023 is:

- \$2,173 per single family dwelling unit,
- \$1,592 per duplex and multi-family unit
- \$808 for group quarters.
- \$1,157 per 1,000 square feet for commercial and industrial development.

These impact fee estimates assume that the Village is successful in its litigation to compel the



Village's insurance provider to pay for the cost of the sink hole. The draft report also does not include the most recent estimates for IRA Direct Pay incentives for the project. A final determination on both the payment of the sink hole costs and the actual amount of IRA Direct Pay incentives may take several months to resolve. Given that the PSC building is now occupied, staff is suggesting that the Village accept the report, with modifications based on updated project costs, excluding sink hole costs, and estimated incentives as of November 1, 2023. The updated fees are:

- \$2,233 per single family dwelling unit,
- \$1,630 per duplex and multi-family unit
- \$826 for group quarters.
- \$1,209 per 1,000 square feet of floor area or other developed areas, including accessory structures, but not including parking lots for non-residential development.

Ordinance 2023-13 would adopt these impact fees effective January 1, 2024. When a final determination has been made regarding the party responsible for payment of the sink hole, and final incentive payments are known, staff can complete a true-up of the impact fees. This can be addressed through a small amendment to the Impact Fee Study and an ordinance to update Appendix A. These changes could be targeted for completion by year-end 2024 and go into effect January 1, 2025.

Baker Tilly will update the draft study to include these changes prior to the Village Board considering action on plan acceptance and adoption of Ordinance 2023-13.

**FINANCIAL/BUDGET IMPACT:**

**VILLAGE PLAN REFERENCE:**

**ORDINANCE REFERENCE:**

**BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:**

Motion, second, to recommend the Village Board accept the Library Impact Fee Study and Public Safety Center Impact Fee Study, conditioned on the following:

1. Baker Tilly to update the draft Public Safety Needs Assessment to reflect the most current total project costs, excluding sink hole costs, and estimated incentives.
2. Baker Tilly to update the draft Public Safety Needs Assessment to include footnotes to explain the Total Costs exclude sink hole costs and Total Incentives are estimates at the time of plan acceptance and that the Village intends to complete a true-up of the final recoverable costs once the final total project costs and incentives are known.
3. Baker Tilly to update the draft Public Safety Needs Assessment to clarify that Schedule A calculates the cost of public safety facility per household and per 1,000 square feet of floor area or other developed areas, including accessory structures, but not including parking lots for non-residential development.

**ATTACHMENTS:**

1. 2023-07-27 McFarland Library Impact Fees-DRAFTv8
2. 2023-07-27-McFarland PSC Impact Fees-DRAFTv7



3. 2023 11 01 PSC Budget Summary
4. 2023 09 27 PSC Estimated Incentives



# Village of McFarland, Wisconsin

Library Impact Fee Study and Public Facilities  
Needs Assessment  
July 26, 2023

# Contents

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b>INTRODUCTION .....</b>	<b>3</b>
<b>SECTION A – STATUTORY REQUIREMENTS.. .....</b>	<b>4</b>
<b>SECTION B – INVENTORY OF PROPOSED FACILITIES .....</b>	<b>8</b>
<b>INVENTORY OF EXISTING LIBRARY FACILITIES .....</b>	<b>8</b>
<b>SERVICE STANDARD - LIBRARY .....</b>	<b>8</b>
<b>SECTION C – IMPACT FEE METHODOLOGY .....</b>	<b>10</b>
<b>IMPACT FEE METHODOLOGY .....</b>	<b>10</b>
<b>IMPACT FEE COMPUTATION .....</b>	<b>10</b>
<b>SECTION D – IMPACT FEE COLLECTION .....</b>	<b>11</b>
<b>LOW-COST HOUSING .....</b>	<b>11</b>
<b>IMPACT FEE COLLECTION .....</b>	<b>13</b>
<b>SECTION E – COMPLIANCE WITH WISCONSIN</b>	
<b>IMPACT FEE REQUIREMENTS .....</b>	<b>14</b>
<b>APPENDIX A .....</b>	<b>15</b>
<b>CALCULATION OF IMPACT FEES .....</b>	<b>15</b>



# Executive Summary

The purpose of this project is to evaluate and update the Village's current library impact fee.

The Village of McFarland is expected to continue to experience steady growth over the next two decades. This growth, coupled with the evolution of library services, has required the Village to expand its library facilities. A library impact fee will assist in financing the capital costs associated with these facility additions.

This document serves to establish the basis for such impact fees in accordance with Wisconsin Statute 66.0617. In addition to developing the fee structure, this document also satisfies the statutory obligation to produce a public facility needs assessment.

The Village currently charges a library impact fee as established by the following reports and ordinance:

- *Public Facilities Needs Assessment (Virchow, Krause & Company, LLP 2006)*
- *Village of McFarland (Ord No. 2006-10, §4 (15-1-24), 4/24/2006; Ord. No. 2014-02, §4, 3/31/2014)*

The Village has not changed its library impact fee amounts since original implementation in 2006. The current fee is \$710 per single-family dwelling and \$431 per multi-family dwelling.

A portion of the capital costs attributable to the library facilities will be paid by new development through impact fees. The library impact fee will be charged only to residential units in the Village of McFarland because the Village does not have statutory authority to charge the impact fee to non-residents (commercial, industrial) within the Village limits.

The impact fee was determined to be \$1,306 per person. Based on Census data regarding persons per household for owner-occupied and renter-occupied housing units, this equates to the following fees:

Type of Dwelling	Persons per HH	Cost per Person	Fee
Single Family (owner-occupied)	2.69	\$ 1,306	\$ 3,513
Multi Family (renter-occupied)	1.97	\$ 1,306	\$ 2,573
Group Quarters	1.00	\$ 1,306	\$ 1,306

The primary resources used to prepare this document include the E.D. Locke Public Library Facilities Study, dated August 12, 2021 and information provided by Village staff.

While the 2021 Public Library Facilities Study and the 2023 Public Facility Needs Assessment (this report) provide justification for a future impact fee adjustment, no changes to the amount of fee collected are recommended at this time. We recommend that the Village continue to collect its existing library impact fee until one of the following conditions is met:

- The library's service level reaches 15,755 (the level the existing library was built to serve),
- The total library impact fees collected reaches \$831,980 (the total 2006 impact fee for the existing library),
- The library is expanded.

When one of the conditions above is met, we recommend that this report be updated prior to the adoption of a new library impact fee.

The 2006 Public Needs Assessment estimated that the Village would reach the 15,755 service level by 2025. The 2006 study also estimated that a second story would be added to the library in 2035. The Village's current 2023-2027 Capital Improvement Plan does not include expansion of the library.

We estimate that the library's current service population is 13,722, or 2,033 persons less than the 15,755 service level. This equates to adding approximately 755 new single family households to the service area, assuming 2.69 persons per household. From 2006 through 2022 the Village has collected \$453,302 in library impact fees, leaving a balance of \$378,678 to be collected based on the 2006 total library impact fee of \$831,980.

All aspects of the Wisconsin statute governing impact fees (66.0617) have been considered in the preparation of this report.

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# Introduction

The Village of McFarland expects to experience population growth through 2040. Planning responsibly for new growth within a community is one of many challenges facing local governments. Effective accommodation of this development requires the construction of public facilities and infrastructure to serve new residents.

The Wisconsin Department of Administration estimated the Village's population to be 8,991 in 2020. Village staff estimates the population will grow to 13,378 by 2040, representing an average growth rate of approximately 219 persons per year. The Village estimates that the library has a current service population of approximately 13,772. Of this total, approximately 65% are Village residents and 35% are nonresidents.

It is common that during the construction and upgrade of public infrastructure, the majority of residents and businesses that will occupy the newly developed areas of the community may not yet be present. Development of land precedes the inhabiting of the property. While this may seem an obvious fact, it holds important consequences for the public financing of new development.

In order to apportion the public costs of new development fairly and responsibly, some measure must be undertaken to ensure that the entire cost of accommodating new development is not born solely by the current residents of the municipality. One such measure to accomplish this goal is the use of an impact fee on the new development to offset the initial cost to local taxpayers of satisfying the additional demand on the public infrastructure.

## Section A – Statutory Requirements

Wisconsin's Impact Fee Statute 66.0617 clarified the previous uncertainty surrounding charging capital costs to developers. Largely sought by developers, this law prescribes the types of public infrastructure for which an impact fee may be charged, the costs which may be included in developing an impact fee, as well as the obligations on the part of the issuing municipality prior to and subsequent to the fee charged. These obligations are detailed below.

### Section 66.0617(1) – Definitions:

The following definitions as outlined in Wisconsin State Statute 66.0617(1) have been addressed in the fee computation. The requirements are as follows:

- *Per Section(1)(a), “Capital costs” means the capital costs to construct, expand or improve public facilities, including the cost of land, and including legal, engineering and design costs to construct, expand or improve public facilities, except that not more than 10% of capital costs may consist of legal, engineering and design costs unless the municipality can demonstrate that its legal, engineering and design costs which relate directly to the public improvement for which the impact fees were imposed exceed 10% of capital costs. “Capital costs” does not include other noncapital costs to construct, expand or improve public facilities, vehicles; or the costs of equipment to construct, expand or improve public facilities.*

**Based on the definition above, only allowable capital costs are included in the impact fee computation. Library materials and equipment are not allowable capital costs.**

- *Per Section (1)(f)(1), “Public Facilities” means....libraries”.*

**The projects included in the fee computation meet this definition.**

- *Per Section (1)(g), “Service area” means a geographic area delineated by a municipality within which there are public facilities.*

**For purposes of the library needs analysis, the service area is defined as the Village of McFarland as well as outside communities using the library facilities.**

**Schedule A calculates the cost of the library addition per person, regardless of whether or not the user is a resident of the Village of McFarland. It is assumed that the costs related to non-residents are not recoverable through an impact fee.**

- *Per Section (1)(h), “Service standard” means a certain quantity or quality of public facilities relative to a certain number of persons, parcels of land or other appropriate measure, as specified by the municipality.*

**The Village has established its level of service in Section B of this report.**

### Section 66.0617(6) – Standards:

This report adheres to what an impact fee should reflect according to Wisconsin State Statute 66.0617(6). The requirements are as follows:

- *Per Section (6)(a), shall bear a rational relationship to the need for new, expanded or improved public facilities that are required to serve land development.*

**The impact fees found herein are for new, expanded or improved library facilities that are required to serve future developed land and the service demands that development creates.**

- *Per Section (6)(am), may not include amounts for an increase in service capacity greater than the capacity necessary to serve the development for which the fee is imposed.*

**The fees were developed to address the capacity necessary to service the development for which the fees are being imposed.**

- *Per Section (6)(b), may not exceed the proportionate share of the capital costs that are required to serve land development, as compared to existing uses of land within the municipality.*

**The capital costs which form the basis for the impact fees developed as part of this study, include the proportional share of the newly constructed and improved facilities to accommodate future growth.**

- *Per Section (6)(c), shall be based upon actual capital costs or reasonable estimates of capital costs for new, expanded or improved public facilities.*

**The costs used in this study are based on actual or reasonable estimates of capital costs, as provided by Village Staff.**

- *Per Section (6)(d), shall be reduced to compensate for other capital costs imposed by the municipality with respect to land development to provide or pay for public facilities, including special assessments, special charges, land dedications or fees in lieu of land dedications under Chapter 236 or any other items of value.*

**It is assumed that there are no other financing sources listed above that need to be taken into consideration as a part of the impact fee computation.**

- *Per Section (6)(e), shall be reduced to compensate for moneys received from the federal or state government specifically to provide or pay for the public facilities for which the impact fees are imposed.*

**Village staff has determined that state and federal grant funds cannot be relied upon to fund library construction projects. Therefore, the fees have not been reduced for such funds. If grant funds are received in the future they will be factored into future impact fee calculations.**

## Section A – Impact Fee Statutory Requirements

- *Per Section (6)(f), may not include amounts necessary to address existing deficiencies in public facilities.*

**The capital costs included in the impact fee computations are not related to curing existing deficiencies.**

**The E.D. Locke Public Library staff and the Space Needs Analysis supplied the forecasted costs and determined the allocation between new construction (future growth) and renovations (existing deficiencies). This allocation is required since statutes only allow impact fees for future growth; facility deficiencies are not recoverable in impact fees.**

- *Per Section (6)(fm), may not include expenses for operation or maintenance of a public facility.*

**The costs included in the fee computations do not include expenses for operation or maintenance of a public facility.**

- *Per Section (6)(g) except as provided under this paragraph, shall be payable by the developer or the property owner to the municipality in full upon issuance of a building permit by the municipality. There are exceptions to this outlined in the statute.*

**All fees will be due at the time of building permit issuance except for situations allowed for under this section of the impact fee statute.**

### Section 66.0617(4) – Needs Assessment:

The Impact Fee Statute also requires that a municipality prepare a public facility needs assessment for which it is anticipated that impact fees may be imposed. This document serves as the needs assessment for the Village of McFarland in the consideration of a library impact fee. In accordance with the statute, it provides each of the following required elements of the assessment:

1. *An inventory of existing public facilities, including an identification of existing deficiencies in the quantity or quality of those public facilities, for which it is anticipated that the impact fee may be imposed.*

**An inventory of the Village’s library facilities is reflected in Section B of this report.**

2. *An identification of new public facilities, or improvements and expansions of existing public facilities that will be required because of the new land development for which it is anticipated that impact fees may be imposed. This identification shall be based upon an explicitly identified service areas and service standards.*

**The future improvements and expansions are identified in Appendix A of this report. The level of service is identified in Section B. Both of these sections are found later in this report.**

3. *A detailed estimate of the capital costs of providing the new public facilities or the improvements or expansions in existing public facilities previously mentioned, including an estimate of the cumulative effect of all proposed and existing impact fees on the availability of affordable housing within the political subdivision.*

**Appendix A lists average cost estimates provided by the Village for library facilities. A statement of the effect on affordable housing is contained in Section D of this report.**

### Section 66.0617(7r) – Impact Fee Report:

- *At the time that the municipality collects an impact fee, it shall provide to the developer from which it received the fee an accounting of how the fee will be spent.*

**The Village is aware of this requirement and utilizes the current library impact fee to pay debt related to its current facility. The Village will continue to comply with this requirement if a revised library impact fee is adopted in the future.**

### Section 66.0617(8) – Requirements for Impact Fee Revenues:

- *Revenues from each impact fee that is imposed shall be placed in a separate segregated interest-bearing account and shall be accounted for separately from the other funds of the municipality. Impact fee revenues and interest earned on impact fee revenues may be expended only for the particular capital costs for which the impact fee was imposed, unless the fee is refunded under sub. (9).*

**The Village accounts for its impact fees in a separate general ledger account. Interest income is allocated to this account on a monthly basis.**

### Section 66.0617(9) – Refund of Impact Fees:

*Except as provided in this subsection, impact fees that are not used within 8 years after they are collected to pay capital costs for which they were imposed shall be refunded to the payer of fees for the property with respect to which the impact fees were imposed, along with any interest that has accumulated, as described in sub. (8). Impact fees that are collected for capital costs related to lift stations or collecting and treating sewage that are not used within 10 years after they are collected to pay the capital costs for which they were imposed, shall be refunded to the payer of the fees for the property with respect to which the impact fees were imposed, along with any interest that has accumulated, as described in sub. (8). The 10-year time limit for using impact fees that is specified under this subsection may be extended for 3 years if the municipality adopts a resolution stating that, due to extenuating circumstances or hardship in meeting the 10-year limit, it needs an additional 3 years to use the impact fees that were collected.*

*The resolution shall include detailed written findings that specify the extenuating circumstances or hardship that led to the need to adopt a resolution under this sub-section. For purposes of the time limits in this subsection, an impact fee is paid on the date the developer obtains a bond or irrevocable letter of credit in the amount of the unpaid fees executed in the name of the municipality under sub. (6) (g).*

**According to Village management, the Village has spent down its impact fee collections in accordance with state statute guidance and no refunds have been made to date.**

NOTE: The impact fee requirements outlined in this section are subject to change by the legislature at any time. Refer to the state statute for the impact fee statutory requirements.

## Section B – Inventory of Proposed Facilities

### Inventory of Existing Library Facilities

The Village's existing library is approximately 17,820 square feet. The initial impact fee was determined upon original construction of the library and was designed to accommodate a service population of 15,755, or 1.13 square feet per person. The Library's current service population is 13,722. The proposed expansion is approximately 16,540 additional square feet above to the existing library space (expanding up). The new facility will accommodate a 2040 service population of 20,355. The projected 2040 service population is based on the following factors:

- 2040 projected Village population (13,378)
- 2040 projected Village circulation levels (103,477)
- 2040 projected non-Village circulation levels (53,953)

*Source: Village Staff*

Per the estimates above, residents of the Village represent 65.72% of the projected 2040 circulation level ( $103,477 / (103,477 + 53,953) = 65.72\%$ ) and non-Village patrons represent 34.28% of circulation ( $53,953 / (103,477 + 53,953) = 34.28\%$ ). Therefore, the Village's service level and projected population of 13,378 results in a total population served of 20,355 ( $13,378 / 65.72\% = 20,355$ ). The difference between the 2040 projected service population and the projected 2040 Village population indicates the population served of non-Village patrons is 6,977 ( $20,355 - 13,378 = 6,977$ ).

This information fulfills the obligation under the Impact Fee Statute to give an inventory of the existing public infrastructure prior to development and the imposition of impact fees.

### Service Standard - Library

The levels of service related to the library are part of the Public Library Standards issued by the Wisconsin Department of Public Instruction. The three levels of service are:

- Tier One – the minimum services that should be available to all residents of the state
- Tier Two – an expansion of services beyond the basic
- Tier Three – the highest level of service

The standards are met by meeting specific criteria as follows:

- Full time equivalent staff per 1,000 service population
- Volumes held per capita (print)
- Periodical titles received per 1,000 population (print)
- Audit recordings held per capita
- Video recordings held per capita
- Public Use Internet computers per 1,000 population
- Hours open
- Materials expenditures per capita
- Collection size (print, audio and video) per capita

## Section B – Inventory of Proposed Facilities

The proposed facility has been sized to accommodate a collection which will allow the library to meet either the Tier 1 or Tier 2 level of collection size. Projected 2040 service level standards according to current DPI standards as well as Village projections are shown below.

Some standard levels drop considerably at populations above 13,000. This is particularly noticeable when comparing the 2020 levels against the projected 2040 levels for video recordings and public use internet computers in the second table below.

Quantitative Library Standards by Municipal Population (13,000-18,999)	Tier 1 Standard	Tier 2 Standard	Village Proposed 2040
Full time equiv. staff per 1,000 population	0.7	0.8	Tier 2
Volumes held per capita (print)	4.5	5.3	Tier 1
Periodical subscriptions held per 1,000 population (print)	8.7	10	Tier 1
Audio recordings held per capita	0.34	0.42	Tier 1
Video recordings held per capita	0.52	0.59	Tier 2
Public use Internet computers per 1,000 population	1.11	1.52	Tier 1
Hours open	61	63	Tier 1
Materials expenditures per capita	\$5.92	\$7.34	Tier 2
Collection size (print, audio and video) per capita	5.4	6.3	Tier 1

Quantitative Library Standards by Municipal Population (13,000-18,999)	2020 Levels	Proj. 2040 Based on DPI Standards
Population	8,952	13,378
Full time equivalent staff	10.18	10.7
Volumes held	58,847	60,201
Periodical subscriptions held	100	116
Audio recordings held	3,876	4,549
Video recordings held	8,187	7,893
Public use Internet computers	15	15
Hours open	59	61
Materials expenditures	\$80,843	\$98,195
Collection size (print, audio and video)	71,229	72,241

## Section C – Impact Fee Methodology

### Impact Fee Methodology

The proposed impact fee examined in this report is intended for the partial recovery of public costs associated with the expansion to the Village's library facilities. These improvements will be required as a result of projected growth and development of the Village and surrounding area. The Impact Fee Statute requires the proposed fee to bear a rational relationship to capital costs as well as to be proportional to the use of the added public facilities costs. The total amount to be collected through impact fees is calculated based on the proportional share of the increase in library facilities generated by the new growth in the Village.

### Impact Fee Computation

The impact fee was determined to be \$1,306 per person. Based on Census data regarding persons per household for owner-occupied and renter-occupied housing units, this equates to the following fees:

Type of Dwelling	Persons per HH	Cost per Person	Fee
Single Family (owner-occupied)	2.69	\$ 1,306	\$ 3,513
Multi Family (renter-occupied)	1.97	\$ 1,306	\$ 2,573
Group Quarters	1.00	\$ 1,306	\$ 1,306

While the 2021 Public Library Facilities Study and the 2023 Public Facility Needs Assessment (this report) provide justification for a future impact fee adjustment, no changes to the amount of fee collected are recommended at this time. We recommend that the Village continue to collect its existing library impact fee until one of the following conditions is met:

- The library's service level reaches 15,755 (the level the existing library was built to serve),
- The total library impact fees collected reaches \$831,980 (the total 2006 impact fee for the existing library),
- The library is expanded.

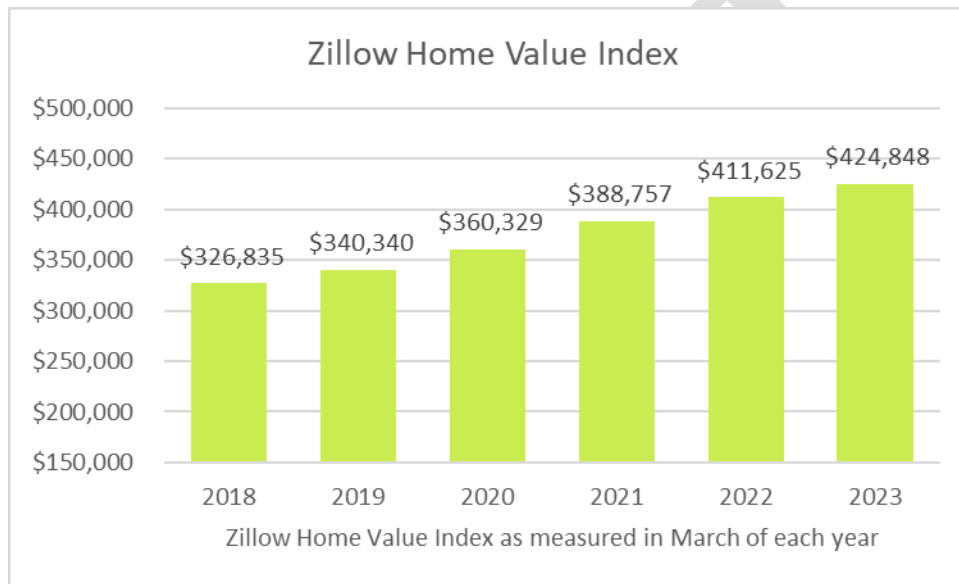
When one of the conditions above is met, we recommend that this report be updated prior to the adoption of a new library impact fee.

Details of the impact fee computation can be found in Appendix A.

# Section D – Impact Fee Collection

## Low-Cost Housing

In general, the level of an impact fee in relation to average housing cost should not impede the affordability of low-cost housing. This section will examine the potential effects of the proposed impact fee on the housing affordability in the Village. According to Zillow, the median home value in McFarland in March of 2023 was estimated at \$424,848.



Assuming that a homebuyer makes a down payment of 20% and takes a mortgage for the remaining 80% at an interest rate of 5%, the average monthly mortgage payment would be approximately \$1,825.

Existing impact fees for water and parks total \$7,661, which translates to a monthly payment of \$41 on a mortgage as described above. The proposed public safety impact fee would add \$2,173 to this amount, or approximately \$12 per month. The proposed library impact fee would add \$3,513 to this amount, or approximately \$19 per month.

If these impact fees were not included in the cost of a new home, the cost of the home would be \$411,501, resulting in a mortgage amount of \$329,201 and monthly payments of \$1,767. Comparing the two sets of values, we observe that impact fees add 3.24% to the cost of a median home in the Village of McFarland.

Existing fees are per Village Ordinances, Appendix A

<b>Mortgage payment calculation</b>	<b>Amount</b>	<b>Monthly</b>
Median home price:	\$ 424,848	\$ 2,280.68
less 20% down payment:	\$ (84,970)	\$ (456.14)
Mortgage principal & payments:	\$ 339,878	\$ 1,824.54
<b>Existing impact fees</b>	<b>Amount</b>	<b>Monthly</b>
Park improvement impact fee <sup>(1)</sup> :	\$ 2,525	\$ 13.56
Park-land impact fee <sup>(1)</sup> :	\$ 4,486	\$ 24.08
Public water impact fee <sup>(2)</sup> :	\$ 650	\$ 3.49
<b>Proposed impact fees</b>	<b>Amount</b>	<b>Monthly</b>
Public safety impact fee:	\$ 2,173	\$ 11.67
Public library impact fee <sup>(3)</sup> :	\$ 3,513	\$ 18.86
<b>Total impact fees:</b>	<b>\$ 13,347</b>	<b>\$ 71.65</b>
<b>Mortgage without impact fees</b>	<b>Amount</b>	<b>Monthly</b>
Mortgage principal & payments:	\$ 329,201	\$ 1,767.22
Difference		<b>3.24%</b>

- (1) Park impact fees are lower than the fees described in the Village's 2020 Public Facilities Needs Assessments. The Village is phasing in the increases in park impact fees over a five-year period.
- (2) Per single-family dwelling meter under 1 inch.
- (3) The existing Library impact fee of \$710 per single-family dwelling is recommended to remain steady until the Village reaches a service population of 15,755.

Information from the federal department of Housing and Urban Development indicates that the 2023 Low Income (80%) Limit for Dane County is \$94,650. The monthly mortgage payments calculated above are the equivalent of 22.4% of the Low Income Limit before impact fees, and 23.1% if impact fees are included.

The impact fee statute allows for waived or reduced fees on new development that is approved for affordable housing. If a portion of the project has been approved for affordable housing, then the fee may be adjusted accordingly at the discretion of the Village Board.

## Impact Fee Collection

### Accounting

Revenues from impact fees shall be placed in a segregated interest-bearing account separate from the other funds of the Village. Impact fee revenues and interest may be expended only for capital costs for which the impact fees were imposed. Impact fees that are collected, but not used for which they were imposed within the time period specified per Wisconsin Statutes 66.0617(9), which is currently eight years, shall be refunded to the to the payer of fees for the property with respect to which the impact fees were imposed, along with any interest that has accumulated.

### Imposition of the Fee

All impact fees will be due at the time of building permit issuance unless otherwise agreed to by the Village Board per the terms of any approved development agreements.

### Updates to the Report

If the Village implements a new fee in the future, the Village may also wish to adjust the fee periodically based on the Engineering News Record Municipal Cost Index or by utilizing the Consumer Price Index-All Urban Consumers-Midwest Region prepared by the United States Department of Labor, which is its current practice for park improvement impact fees.

## Section E – Compliance with Wisconsin Impact Fee Requirements

See Wisconsin State Statute 66.0617 for the detailed process.

The process followed and information utilized in developing the fees included in this study pursuant to Wisconsin Statutes includes the following steps and documents:

- Requires a Public Hearing:
  - Class 1 notice under Chapter 985
  - Provide copy of proposed ordinances
  - Provide public facilities needs assessment
- Based on a Public Facilities Needs Assessment: (for facilities included in the impact fee calculation)
  - Inventory of existing facilities, including deficiencies
  - Identification of new public facilities
  - Estimated (or actual) capital cost of new public facilities
  - Effect of recovering capital costs on affordable housing
  - Available for public inspection at least 20 days before hearing
- Follow Impact Fee Standards:
  - Rational relationship to the need for new facilities
  - Proportionality
  - Actual costs or reasonable estimates
  - Net of other charges
  - Net of grants
  - Must exclude improvements to address deficiencies
  - May not include expenses for operation or maintenance of a public facility
  - Payable by a developer or property owner to the Village in full upon the issuance of a building permit by the Village
- Establish Accounting Requirements:
  - Use of funds restricted
  - Subject to refund
- Specify Appeal Procedure

# Appendix A

## Calculation of Impact fees

Cost Summary	Amount
Building costs - new construction	7,424,887
Building costs - renovations	3,940,504
Other costs - electrical, fixtures, signage	2,077,148
Survey & soils analysis	20,101
Professional design fees	1,022,885
Subtotal	14,485,525
Less renovations	(3,940,504)
Total cost	10,545,021

Construction amounts come from the Facilities Study completed August 12, 2021 by EUA and VOGEL. Per the Facilities Study, costs were based on construction in 2022. Study recommended inflating costs by 5% for each year construction is delayed after 2022. Per Village staff, the starting year for construction is currently estimated to be 2028.

Space needs were estimated from a 2040 service population based on Village population projections. The allocation of residents vs. non-residents was based on the Village's projected circulation within the Village vs. non-resident circulation. These estimates are summarized in the table below:

Service Population	2025	2040	Growth	Circulation	Percent
Village residents	10,451	13,378	2,927	103,447	65.72%
Non-residents	5,304	6,977	1,673	53,953	34.28%
Total	15,755	20,355	4,600	157,400	100%

The construction plans to add 16,540 square feet of library space, resulting in total library space of 34,360 square feet. Total service population is expected to be 20,355, resulting in a ratio of 1.69 square feet per person. This would represent an increase of 0.56 square feet per person over the current level.

Floor Area	Existing	Planned	Increase
Library area (sq ft)	17,820	34,360	16,540
Service population	15,755	20,355	4,600
Area per person	1.13	1.69	0.56

We allocate the 16,540 square feet of new space between existing and new users based on the ratios above. As seen in the table below, the calculations result in 8,775 square feet allocated to existing users and 7,765 square feet to new users.

Floor Area Allocation	Population	Sq Ft per Population	Area Allocated
Existing library users	15,755	0.56	8,775
New library users	4,600	1.69	7,765
Total new floor area			16,540

Reviewing the total square feet allocated to new and existing users, we confirm that the total allocations result in a consistent ratio for each class of user.

Floor Area Allocation	Population	Total Sq Ft	Sq Ft per Population
Existing library users	15,755	26,595	1.69
New library users	4,600	7,765	1.69

We next use the allocated square footage calculations to allocate the related construction costs between existing and new users. As noted earlier, the construction costs used in these calculations are based on 2022 estimates. Actual construction costs are likely to be considerably higher when the library project is eventually undertaken.

Construction Cost Allocation	Existing Users	New Users	Total
Building costs - new construction	3,939,153	3,485,734	7,424,887
Building costs - renovations	3,940,504	-	3,940,504
Other costs - electrical, fixtures, signage	-	2,077,148	2,077,148
Survey & soils analysis	-	20,101	20,101
Subtotal	7,879,657	5,582,983	13,462,640
Professional design fees	598,693	424,192	1,022,885
Total cost	8,478,350	6,007,175	14,485,525

Per the calculations shown above, the construction costs allocated to new users work out to \$6,007,175. Total new users were estimated at 4,600, of which 1,673 (36.3%) were estimated to reside outside of the village. Removing the share of costs for new users outside of the village leaves \$3,822,392 in recoverable costs. Dividing this amount by the 2,927 anticipated new residents, we arrive at a library cost of \$1,306 per person.

Fee Calculation	Amount
Total cost allocated to new users	\$ 6,007,175
Less cost of users outside of Village (36.3%)	(2,184,784)
Total cost to new Village residents	3,822,392
Estimated new residents	2,927
<b>Cost per new resident</b>	<b>\$ 1,306</b>

Applying the per-person cost to different types of dwellings, we get the total library fees shown below:

Type of Dwelling	Persons per HH	Cost per Person	Fee
Single Family (owner-occupied)	2.69	\$ 1,306	\$ 3,513
Multi Family (renter-occupied)	1.97	\$ 1,306	\$ 2,573
Group Quarters	1.00	\$ 1,306	\$ 1,306

While the 2021 Public Library Facilities Study and the 2023 Public Facility Needs Assessment (this report) provide justification for a future impact fee adjustment, no changes to the amount of fee collected are recommended at this time. We recommend that the Village continue to collect its existing library impact fee until one of the following conditions is met:

- The library’s service level reaches 15,755 (the level the existing library was built to serve),
- The total library impact fees collected reaches \$831,980 (the total 2006 impact fee for the existing library),
- The library is expanded.

When one of the conditions above is met, we recommend that this report be updated prior to the adoption of a new library impact fee.



7



## Village of McFarland, Wisconsin

Public Safety Center Impact Fee Study  
July 5, 2023

# Contents

<b>EXECUTIVE SUMMARY</b> .....	<b>1</b>
<b>INTRODUCTION</b> .....	<b>2</b>
<b>SECTION A – STATUTORY REQUIREMENTS</b> .....	<b>3</b>
SECTION 66.0617(1) – DEFINITIONS:.....	3
SECTION 66.0617(6) – STANDARDS: .....	4
SECTION 66.0617(4) – NEEDS ASSESSMENT: .....	5
SECTION 66.0617(7R) – IMPACT FEE REPORT: .....	6
SECTION 66.0617(8) – REQUIREMENTS FOR IMPACT FEE REVENUES: .....	6
SECTION 66.0617(9) – REFUND OF IMPACT FEES: .....	7
<b>SECTION B – CURRENT FACILITIES AND SERVICE STANDARDS</b> .....	<b>8</b>
INVENTORY OF EXISTING PUBLIC SAFETY FACILITIES.....	8
SERVICE STANDARD - POLICE.....	9
SERVICE STANDARD - FIRE .....	10
<b>SECTION C – IMPACT FEE METHODOLOGY</b> .....	<b>11</b>
IMPACT FEE METHODOLOGY .....	11
CALCULATED IMPACT FEES .....	11
<b>SECTION D – IMPACT FEE COLLECTION</b> .....	<b>12</b>
LOW-COST HOUSING .....	12
IMPACT FEE COLLECTION .....	14
<b>SECTION E – COMPLIANCE WITH WISCONSIN IMPACT FEE REQUIREMENTS</b> .....	<b>15</b>
<b>APPENDIX A</b> .....	<b>16</b>
<b>CALCULATION OF RECOVERABLE COSTS</b> .....	16
<b>CALCULATION OF IMPACT FEES</b> .....	17



# Executive Summary

The purpose of this project is to prepare a new impact fee to recover a portion of the costs associated with the new Public Safety Center that will serve new growth in the Village of McFarland, Wisconsin.

The Village is expected to experience steady growth through 2050, the period for which Village staff has indicated the new Public Safety Center will be sufficiently sized.

This document serves to establish the basis for such an impact fee in accordance with Wisconsin Statute 66.0617. In addition to developing the fee structure, this document also satisfies the statutory obligation to produce a public facility needs assessment.

A portion of the capital costs attributable to the Public Safety Center facilities will be paid by new development through an impact fee. The impact fee will be charged to residential units as well as commercial and industrial development projected to occur in the Village of McFarland.

All aspects of the Wisconsin statute governing impact fees (66.0617) have been considered in the preparation of this report. The primary resources used to prepare this document include the Bray Architect report, dated June 25, 2021, the Village’s Facilities Master Plan, dated June 20, 2017, the Public Safety Analysis Report, dated February 2019 and information from Village staff.

Impact fees for specific property types were calculated as follows:

Property Type	Impact Fee
Single-Family:	\$2,173 per unit
Multi-Family:	\$1,592 per unit
Group Quarters:	\$808 per unit
Commercial/Industrial:	\$1,157 per 1,000 sq. ft.

The details of the impact fee computation can be found in Appendix A.

This study should be read in conjunction with these resources. We provide no assurance on the accuracy of these resources used to develop this study.

# Introduction

The Village of McFarland anticipates significant population growth from the present through the year 2050. Planning responsibly for new growth within a community is one of many challenges facing local governments. Effective accommodation of new development requires the construction and upgrade of public facilities and infrastructure to serve new residents.

Per the Wisconsin Department of Administration, the Village's population was estimated at 8,991 in 2020. Village management estimates that the population will grow to 16,318 by 2050, which equates to an average of approximately 244 persons per year.

The Village has a full-service Police Department ("Department") that provides law enforcement services 24 hours a day to Village residents and businesses. The Department responds to requests for service, provides protective patrols and investigates criminal activity in the Village. It also provides K-9 services and runs an extensive outreach program to engage community members.

The Village also has a full-service Fire Department which provides Advanced Emergency Medical Technician level of care. In addition to McFarland, the Fire Department also serves the Towns of Dunn and Pleasant Springs. Call volumes have been approximately 1,200 per year, with a typical year showing 70% EMS-related calls (lift assist and vehicle accidents) and 30% fire suppression calls.

Source: [Call Statistics | McFarland, WI](#)

To provide the facilities and space required for the public safety resources needed for current and future residents, the Village is constructing a new Public Safety Center to house its Police, Fire and Emergency Medical Services staff and equipment.

It is common that during the planning and construction of new public infrastructure, much of the residential and commercial development which drive demands for service may not yet be present in the community. While this may seem like an obvious observation, it holds important consequences for the financing of new public buildings and infrastructure.

In order to apportion the public costs of new development fairly and responsibly, some measure must be undertaken to ensure that the cost of accommodating new development is not borne solely by the current residents of the municipality. One such measure to accomplish this goal is the use of an impact fee on new development to offset the initial cost to local taxpayers of satisfying the additional demand on the public infrastructure.

## Section A – Statutory Requirements

Wisconsin's Impact Fee Statute 66.0617 clarified the previous uncertainty surrounding the assignment of capital costs to developers. Largely sought by developers, this law prescribes the types of public infrastructure for which an impact fee may be charged and the specific types of costs which may be included, as well as the obligations on the part of the issuing municipality prior to and subsequent to charging an impact fee. These obligations are detailed below.

### Section 66.0617(1) – Definitions:

The following definitions as outlined in Wisconsin State Statute 66.0617(1) have been addressed in the fee computation. The requirements are as follows:

- *Per Section(1)(a), “Capital costs” means the capital costs to construct, expand or improve public facilities, including the cost of land, and including legal, engineering and design costs to construct, expand or improve public facilities, except that not more than 10% of capital costs may consist of legal, engineering and design costs unless the municipality can demonstrate that its legal, engineering and design costs which relate directly to the public improvement for which the impact fees were imposed exceed 10% of capital costs. “Capital costs” does not include other noncapital costs to construct, expand or improve public facilities, vehicles; or the costs of equipment to construct, expand or improve public facilities.*

**Based on the definition above, only allowable capital costs are included in the impact fee computation. Vehicles and equipment are not allowable capital costs.**

- *Per Section (1)(f)(1), “Public Facilities” means....fire protection facilities, law enforcement facilities, emergency medical facilities...”.*

**The projects included in the fee computation meet this definition.**

- *Per Section (1)(g), “Service area” means a geographic area delineated by a municipality within which there are public facilities.*

**For purposes of the Public Safety Center needs analysis, the service area is defined as the Village of McFarland as well as outside communities using the fire/EMS services.**

**Schedule A calculates the cost of public safety facility per household and per 1,000 square feet for non-residential development. Costs related to provision of fire/EMS services to non-residents have been excluded from the calculations.**

- *Per Section (1)(h), “Service standard” means a certain quantity or quality of public facilities relative to a certain number of persons, parcels of land or other appropriate measure, as specified by the municipality.*

**The Village has established its level of service in Section B of this report.**

### **Section 66.0617(6) – Standards:**

This report adheres to what an impact fee should reflect according to Wisconsin State Statute 66.0617(6). The requirements are as follows:

- *Per Section (6)(a), shall bear a rational relationship to the need for new, expanded or improved public facilities that are required to serve land development.*

**The impact fees found herein are for new, expanded or improved public safety facilities that are required to serve future developed land and the service demands created by that development.**

- *Per Section (6)(am), may not include amounts for an increase in service capacity greater than the capacity necessary to serve the development for which the fee is imposed.*

**The fees were developed to address the capacity necessary to service the anticipated development for which the fees are being imposed.**

- *Per Section (6)(b), may not exceed the proportionate share of the capital costs that are required to serve land development, as compared to existing uses of land within the municipality.*

**The impact fees calculated for this study include the proportional share of the newly constructed and improved facilities to accommodate future growth. Costs unrelated to growth are excluded from the calculations.**

- *Per Section (6)(c), shall be based upon actual capital costs or reasonable estimates of capital costs for new, expanded or improved public facilities.*

**The costs used in this study are based on actual or reasonable estimates of capital costs, as provided by Village Staff.**

- *Per Section (6)(d), shall be reduced to compensate for other capital costs imposed by the municipality with respect to land development to provide or pay for public facilities, including special assessments, special charges, land dedications or fees in lieu of land dedications under Chapter 236 or any other items of value.*

**The Village currently has no capital charges as described above. Any charges implemented in the future will be factored into the Village’s impact fee calculations.**

- *Per Section (6)(e), shall be reduced to compensate for moneys received from the federal or state government specifically to provide or pay for the public facilities for which the impact fees are imposed.*

**The Village anticipates that it will receive \$482,032 in grants and incentives for construction of the new facility. These incentives reduce the proposed impact fee as outlined in Appendix A. Any additional grant funds received in the future will be factored into future impact fee calculations.**

- *Per Section (6)(f), may not include amounts necessary to address existing deficiencies in public facilities.*

**The public safety analysis report showed design needs of 57,830 square feet, or approximately 376 square feet/employee. If this service level were applied to the Village's current number of employees, the space requirement would be 30,980 square feet, which is 7,202 square feet larger than the existing facility. We treat this as a current deficiency, and the calculated impact fees do not include the costs of 7,202 square feet needed to remedy the deficiency.**

- *Per Section (6)(fm), may not include expenses for operation or maintenance of a public facility.*

**The costs included in the fee computations are related to construction and do not include operating or maintenance expenses.**

- *Per Section (6)(g) except as provided under this paragraph, shall be payable by the developer or the property owner to the municipality in full upon issuance of a building permit by the municipality. There are exceptions to this outlined in the statute.*

**All fees will be due at the time of building permit issuance except for situations allowed for under this section of the impact fee statute.**

### **Section 66.0617(4) – Needs Assessment:**

In addition to these requirements, the Impact Fee Statute also requires that a municipality prepare a public facility needs assessment for which it is anticipated that impact fees may be imposed. This document serves as the needs assessment for the Village of McFarland in the consideration of a public safety impact fee. In accordance with the statute, it provides each of the following required elements of the assessment:

1. *An inventory of existing public facilities, including an identification of existing deficiencies in the quantity or quality of those public facilities, for which it is anticipated that the impact fee may be imposed.*

**An inventory of the Village's public safety facilities is included in Section B of this report.**

## Section A – Statutory Requirements

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- 2. An identification of new public facilities, or improvements and expansions of existing public facilities that will be required because of the new land development for which it is anticipated that impact fees may be imposed. This identification shall be based upon an explicitly identified service areas and service standards.*

**The future improvements and expansions are identified in Appendix A. The level of service is identified in Section B.**

- 3. A detailed estimate of the capital costs of providing the new public facilities or the improvements or expansions in existing public facilities previously mentioned, including an estimate of the cumulative effect of all proposed and existing impact fees on the availability of affordable housing within the political subdivision*

**Appendix A lists cost estimates provided by the Village for the public safety facilities. A statement of effects on affordable housing is included in Section D.**

### **Section 66.0617(7r) – Impact Fee Report:**

- At the time that the municipality collects an impact fee, it shall provide to the developer for which it received the fee an accounting of how the fee will be spent.*

**The Village is aware of this requirement and intends to comply. The Village intends to use the fees it collects to fund the project as identified in Appendix A.**

### **Section 66.0617(8) – Requirements for Impact Fee Revenues:**

- Revenues from each impact fee that is imposed shall be placed in a separate segregated interest-bearing account and shall be accounted for separately from the other funds of the municipality. Impact fee revenues and interest earned on impact fee revenues may be expended only for the particular capital costs for which the impact fee was imposed, unless the fee is refunded under sub. (9).*

**The Village accounts for its impact fees in a separate general ledger account. Interest income is allocated to this account on a monthly basis.**

**Section 66.0617(9) – Refund of Impact Fees:**

*Except as provided in this subsection, impact fees that are not used within 8 years after they are collected to pay capital costs for which they were imposed shall be refunded to the payer of fees for the property with respect to which the impact fees were imposed, along with any interest that has accumulated, as described in sub. (8). Impact fees that are collected for capital costs related to lift stations or collecting and treating sewage that are not used within 10 years after they are collected to pay the capital costs for which they were imposed, shall be refunded to the payer of the fees for the property with respect to which the impact fees were imposed, along with any interest that has accumulated, as described in sub.(8). The 10-year time limit for using impact fees that is specified under this subsection may be extended for 3 years if the municipality adopts a resolution stating that, due to extenuating circumstances or hardship in meeting the 10-year limit, it needs an additional 3 years to use the impact fees that were collected.*

*The resolution shall include detailed written findings that specify the extenuating circumstances or hardship that led to the need to adopt a resolution under this subsection. For purposes of the time limits in this subsection, an impact fee is paid on the date the developer obtains a bond or irrevocable letter of credit in the amount of the unpaid fees executed in the name of the municipality under sub. (6) (g).*

**According to Village management, the Village intends to spend down its impact fee collections in accordance with state statute guidance; no refunds are anticipated.**

NOTE: The impact fee requirements outlined in this section are subject to revision by the Wisconsin Legislature at any time. Refer to the state statutes for the impact fee statutory requirements.

## Section B – Current Facilities and Service Standards

### Inventory of Existing Public Safety Facilities

The Village's existing police facility is approximately 7,748 square feet. The proposed area dedicated to police in the new Public Safety Center is approximately 20,650 square feet. A large portion of the police space is attributable to garage space needed over the next 30 years, as well as additional offices and interview rooms.

The Village's existing fire facility is approximately 15,630 square feet. The proposed area dedicated to the fire department in the new Public Safety Center is approximately 25,940 square feet. A portion of the fire space is designed to address the need for more sleep space, space for turn-out gear and exercise equipment, as well as laundry and storage areas.

The municipal court currently occupies 400 square feet in the municipal building. The new facility allots 1,160 square feet for court operations.

The remaining 10,080 square feet in the new facility will be shared common space for a total square footage of 57,830.

The new facility will accommodate a 2050 service population of 16,318 Village residents and an estimated 1,979 non-residents with fire/EMS services.

This information fulfills the obligation under the Impact Fee Statute to provide an inventory of the existing public infrastructure prior to development and the imposition of impact fees.

### Service Standard - Police

The levels of service related to the police department were part of the 2019 Public Safety Analysis Report. In that analysis, the consultant reviewed the Village’s current public safety practices and methods of service delivery and compared them to best practices.

Per the Public Safety Analysis completed by RW Management Group, dated February 2019, “due in part to its proximity to Madison, the Police Department does devote a measurable amount of its response time dealing with drug-related crimes. These types of crimes create an increase in property offenses, most notably burglaries.” The report also states that the increase in traffic accidents have necessitated the need for patrol response.

Police Staffing – current and proposed

Police Position	FTEs	
	2021	2050*
Chief	1	1
Lieutenant	1	2
Sergeant	3	4
Detective	2	2
School Resource Officer	1	2
Comm. Service Officer	1	1
Patrol Officer	8	16
Investigator	0	1
Administrative Asst.	2	3
<b>TOTALS</b>	<b>19</b>	<b>32</b>

\* 2050 staffing levels estimated by Village Staff.

Village plans to add 3 patrol & 1 investigator in next 10 years

**Service Standard - Fire**

The levels of service related to the fire department were also a part of the 2019 Public Safety Analysis Report. The report noted the need for “a higher level of integration” between firefighting and EMS functions. In addition, the Department has experienced difficulty in completing fire inspections. However, the biggest change in service will be the Department’s transition from Advanced EMT to Paramedic levels of service, which is projected to occur over the next five years. This change in service was considered in the fee calculation in Appendix A.

Fire Staffing – current and proposed

<b>Fire</b>	<b>Position</b>	<b>FTEs</b>	
		<b>2021</b>	<b>2050*</b>
	Chief	1	1
	Asst. Chief	0	1
	Administrative Captain	1	3
	Fire Inspector/PES	1	1
	Lieutenant	0	6
	EMTs	6	12
	Firefighters	0	18
	POC Firefighters	24	35
	POC Firefighters/EMTs	12	18
	POC EMTs	11	16
	POC Firefighters/EMRs	7	10
	Administrative Assts.	0.5	1
	<b>TOTALS</b>	<b>63.5</b>	<b>122</b>

\* 2050 staffing levels estimated by Village Staff.

The proposed facility has been sized to accommodate the specific amount of staff, vehicles and equipment which will allow the Village to maintain response times due to the proximity of the proposed facility to the current facilities.

## Section C – Impact Fee Methodology

### Impact Fee Methodology

The proposed impact fee examined in this report is intended for the partial recovery of public costs associated with the Village’s new public safety facilities. This new construction is required as a result of Village growth. The Impact Fee Statute requires the proposed fee to bear a rational relationship to capital costs and to be proportional to the use of the added public facilities costs. The total amount to be collected through impact fees is calculated based on the proportional share of the increase in facilities generated by the new growth in the Village.

### Calculated Impact Fees

The impact fees related to construction of the new public safety facility were determined to be as follows:

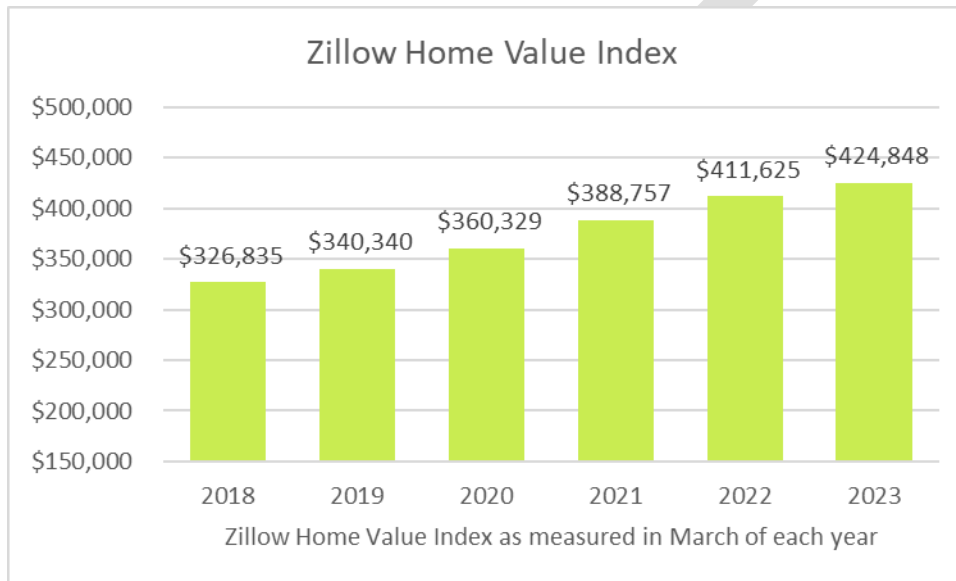
Property Type	Impact Fee
Single-Family:	\$2,173 per unit
Multi-Family:	\$1,592 per unit
Group Quarters:	\$808 per unit
Commercial/Industrial:	\$1,157 per 1,000 sq. ft.

Details of the impact fee calculation can be found in Appendix A.

## Section D – Impact Fee Collection

### Low-Cost Housing

In general, the level of an impact fee in relation to average housing cost should not impede the affordability of low-cost housing. This section will examine the potential effects of the proposed impact fee on the housing affordability in the Village. According to Zillow, the median home value in McFarland in March of 2023 was estimated at \$424,848.



Assuming that a homebuyer makes a down payment of 20% and takes a mortgage for the remaining 80% at an interest rate of 5%, the average monthly mortgage payment would be approximately \$1,825.

Existing impact fees for water, library and parks total \$8,371, which translates to a monthly payment of \$45 on a mortgage as described above. The proposed public safety impact fee would add \$2,173 to this amount, or approximately \$12 per month. If these impact fees were not included in the cost of a new home, the cost of the home would be \$414,304, resulting in a mortgage amount of \$331,443 and monthly payments of \$1,779. Comparing the two sets of values, we observe that impact fees add 2.55% to the cost of a median home in the Village of McFarland.

## Section D – Impact Fee Collection

Existing fees are per Village Ordinances, Appendix A

<b>Mortgage payment calculation</b>	<b>Amount</b>	<b>Monthly</b>
Median home price:	\$ 424,848	\$ 2,280.68
less 20% down payment:	\$ (84,970)	\$ (456.14)
Mortgage principal & payments:	\$ 339,878	\$ 1,824.54
<b>Existing impact fees</b>		
	<b>Amount</b>	<b>Monthly</b>
Park improvement impact fee <sup>(1)</sup> :	\$ 2,525.15	\$ 13.56
Park-land impact fee <sup>(1)</sup> :	\$ 4,485.64	\$ 24.08
Public library impact fee <sup>(2)</sup> :	\$ 710	\$ 3.81
Public water impact fee <sup>(3)</sup> :	\$ 650	\$ 3.49
<b>Proposed impact fee</b>		
	<b>Amount</b>	<b>Monthly</b>
Public safety impact fee:	\$ 2,173	\$ 11.67
<b>Total impact fees:</b>	<b>\$ 10,544</b>	<b>\$ 56.60</b>
<b>Mortgage without impact fees</b>		
	<b>Amount</b>	<b>Monthly</b>
Mortgage principal & payments:	\$ 331,443	\$ 1,779.26
Difference		<b>2.55%</b>

- (1) Park impact fees are lower than the fees described in the Village's 2020 Public Facilities Needs Assessments. The Village is phasing in the increases in park impact fees over a five-year period.
- (2) The existing Library impact fee of \$710 per single-family dwelling is recommended to remain steady until the Village reaches a service population of 15,755.
- (3) Per single-family dwelling meter under 1 inch.

Information from the federal department of Housing and Urban Development indicates that the 2023 Low Income (80%) Limit for Dane County is \$94,650. The monthly mortgage payments calculated above are the equivalent of 22.6% of the Low Income Limit before impact fees, and 23.1% if impact fees are included.

The impact fee statute allows for waived or reduced fees on new development that is approved for affordable housing. If a portion of the project has been approved for affordable housing, then the fee may be adjusted accordingly at the discretion of the Village Board.

## Impact Fee Collection

### Accounting

Revenues from impact fees shall be placed in a segregated interest-bearing account separate from the other funds of the Village. Impact fee revenues and interest may be expended only for capital costs for which the impact fees were imposed. Impact fees that are collected, but not used for which they were imposed within the time period specified per Wisconsin Statutes 66.0617(9), which is currently eight years, shall be refunded to the payer of fees for the property with respect to which the impact fees were imposed, along with any interest that has accumulated.

### Imposition of the Fee

All impact fees will be due at the time of building permit issuance unless otherwise agreed to by the Village Board per the terms of any approved development agreements.

### Updates to the Report

If the actual public safety facility costs are less than those used in this report, the Village will need to refund the excess. If the actual public safety facility costs are higher than those used in this report, we recommend that the fee be adjusted accordingly.

## Section E – Compliance with Wisconsin Impact Fee Requirements

See Wisconsin State Statute 66.0617 for the detailed process.

The process followed and information utilized in developing the fees included in this study pursuant to Wisconsin Statutes includes the following steps and documents:

- Requires a Public Hearing:
  - Class 1 notice under Chapter 985
  - Provide copy of proposed ordinances
  - Provide public facilities needs assessment
- Based on a Public Facilities Needs Assessment (for facilities included in the impact fee calculation):
  - Inventory of existing facilities, including deficiencies
  - Identification of new public facilities
  - Estimated (or actual) capital cost of new public facilities
  - Effect of recovering capital costs on affordable housing
  - Available for public inspection at least 20 days before hearing
- Follow Impact Fee Standards:
  - Rational relationship to the need for new facilities
  - Proportionality
  - Actual costs or reasonable estimates
  - Net of other charges
  - Net of grants
  - Must exclude improvements to address deficiencies
  - May not include expenses for operation or maintenance of a public facility
  - Payable by a developer or property owner to the Village in full upon the issuance of a building permit by the Village
- Establish Accounting Requirements:
  - Use of funds restricted
  - Subject to refund
- Specify Appeal Procedure

# Appendix A

## Calculation of Recoverable Costs

The estimated costs related to the public safety facility are \$22,005,037, less incentives of \$482,032 received by the Village. The current square footage (SF) of the areas to be combined in the new facility is 23,778 SF with a combined total of 82.5 FTEs. The proposed facility will be 57,830 SF with a useful life through 2050. At that time, the Village projects 154.0 FTEs will be needed to serve the population of the Village.

Project Costs		Facility Comparison		
Pre-development	\$ 72,838		<b>Current</b>	<b>Proposed</b>
Professional Services	\$ 1,295,946	Police SF	7,748	20,650
Owner FFE	\$ 952,165	Fire/EMS SF	15,630	25,940
Construction	\$ 18,825,401	Courts SF	400	1,160
Other Project Expenses	\$ 72,419	Shared SF	-	10,080
Contingency	\$ 936,268	<b>TOTAL SF</b>	<b>23,778</b>	<b>57,830</b>
Income	\$ (150,000)			
	\$ 22,005,037	# Employees	82.5	154.0
Less Incentives	\$ (482,032)	<b>SF per Employee</b>	<b>288</b>	<b>376</b>
<b>Total Costs</b>	<b>\$ 21,523,005</b>			
Cost per SF	\$ 372.18			

Based on the proposed building size and staffing levels in 2050, there is projected to be 376 SF per employee in the new facility. If we apply that service standard to the Village's current number of employees, existing facilities should be approximately 30,980 SF (82.5 FTEs x 376). Current facilities are 23,778 SF. We treat the difference between these values (7,202 SF) as a current deficiency, which we do not include in our calculation of impact fees.

Proposed total SF	57,830
Current facility SF	23,778
New SF	34,052
Less calculated deficiency	(7,202)
Adjusted new SF	26,850
Cost per SF	\$ 372.18
Recoverable Costs	\$ 9,992,957

Allocating recoverable costs by the square footage of each area in the building, these costs are calculated as follows:

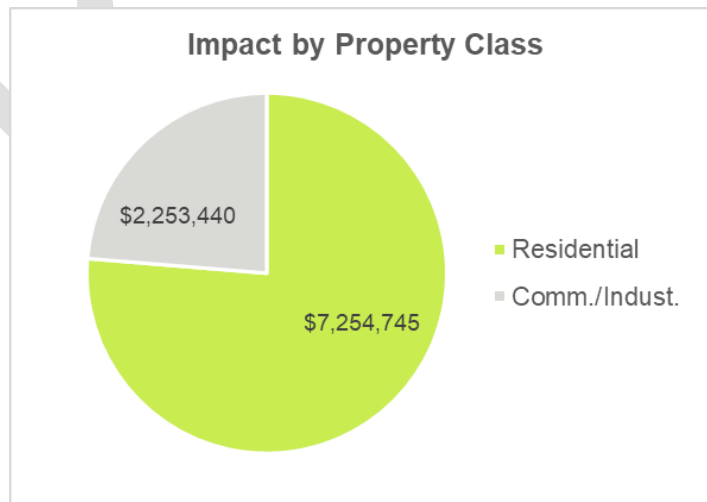
Department	Share	Cost
Police	35.7%	\$ 3,568,296
Fire/EMS	44.9%	\$ 4,482,402
Courts	2.0%	\$ 200,447
Shared	17.4%	\$ 1,741,812
		<b>\$ 9,992,957</b>

As mentioned in the body of this report, a portion of the Village’s Fire/EMS capacity is used to serve areas outside of the Village boundary. Based on population projected to be served in 2050, staff estimates that approximately 89% of the service area consists of Village residents, with the remaining 11% of the service area covering the Town of Dunn and the Town of Pleasant Springs. The costs related to services provided outside the Village should not be included in the impact fee calculations. Reducing the recoverable costs for Fire/EMS services results in total recoverable costs of \$9,508,185 as shown in the table below.

Department	Recoverable	Cost
Police	100.0%	\$ 3,568,296
Fire/EMS	89.2%	\$ 3,997,630
Courts	100.0%	\$ 200,447
Shared	100.0%	\$ 1,741,812
<b>Net Recoverable Costs</b>		<b>\$ 9,508,185</b>

### Calculation of Impact Fees

Based on the assumption that future growth will follow a pattern consistent with current development, Village staff estimates that approximately 76% of land use will be residential and 24% will be commercial/industrial in 2050. Allocating costs based on these proportions results in total recoverable costs of \$7,254,745 from new residential development and \$2,253,440 from commercial and industrial development.



Planning staff estimate that growth through 2050 will add 3,338 new housing units and 7,327 in population to the Village. Allocating residential impacts across this growth results in impact fees as shown below.

<b>Residential Impact Fee Calculations</b>			
Recoverable Costs - Residential			\$ 7,254,745
New Housing Units			3,338
<b>Fee per Housing Unit</b>			<b>\$ 2,173</b>
	<b>Pop/HU</b>	<b>Ratio</b>	<b>Impact Fee</b>
Single Family	2.69	100%	\$ 2,173
Multi-Family	1.97	73%	\$ 1,592
Group Quarters	1.00	37%	\$ 808

As shown above, the standard residential impact fee comes to \$2,173 per housing unit, based on a person-per-household ratio of 2.69. For new multi-family and group quarters construction, this impact fee is discounted based on the lower person-per-household ratios for these residential property types.

We next turn our focus to impact fees from future commercial and industrial development. Village staff reviewed assessment records for current commercial and industrial properties to estimate the density of development on these parcels. Where assessment data was missing or unclear, the data was supplemented with information from Dane County GIS sources. Each parcel was reviewed to determine its lot size and total build area. Lot sizes were adjusted to account for properties spanning more than one parcel, and total build area was adjusted to remove unpopulated areas (e.g. garage space) and to account for multi-story structures.

After reviewing each commercial and industrial parcel and adjusting build areas and lot sizes where needed, the average floor area ratio (FAR) of commercial and industrial properties in the Village was calculated as 0.2258 (22.58%). This ratio results in an average developed area of 9,836 square feet per acre of commercial/industrial land.

Village staff estimate that approximately 198 acres of land area will be developed into commercial and industrial uses by 2050. Given these assumptions, we calculate commercial and industrial impact fees of \$1,157 per 1,000 square feet of development, as shown below.

<b>Commercial/Industrial Impact Fee Calculations</b>	
Available Comm/Ind Area (acres)	198
Average FAR	22.58%
Developed sq ft per acre @ 22.58%	9,836
Estimated Comm/Ind development (sq ft)	1,947,498
Recoverable Costs - Comm./Ind.	\$ 2,253,440
<b>Fee per 1,000 SF</b>	<b>\$ 1,157</b>

For mixed-use developments which include both residential and commercial components, the impact fee would be calculated for each component based on the values described above. Assuming that the residential component of the development is multi-family housing, it would be charged the corresponding impact fee per residential unit. The commercial portion of the development would be charged an impact fee based on square footage. The development as a whole would pay an impact fee equal to the combination of the two.

As discussed in the body of the report, the calculated impact fees may need to be adjusted if the Village's facilities costs differ from estimates, or if development patterns differ significantly from the Village's projections.

DRAFT

**BUDGET SUMMARY**

<b>DESCRIPTION</b>	<b>BUDGET</b>	<b>FINAL PROJECTED COST</b>	<b>INVOICED TO DATE</b>	<b>% COMPLETE</b>
Pre-Development	56,322	62,838	62,838	100%
Professional Services <i>Design, Project Mgmt, Legal, Quality Testing</i>	1,221,585	1,306,453	1,280,113	98%
Owner Direct <i>Furniture, Equipment, etc.</i>	858,937	1,132,698	1,087,650	96%
Construction	18,834,443	21,375,812	21,352,945	100%
Other Project Expense	84,578	136,518	136,518	100%
Income	(32,000)	(32,000)	0	0%
PROJECTED FINAL COST SANS SINKHOLE	21,023,865	22,326,878		
OWNER CONTINGENCY	1,390,205	87,191		
FINAL COST OF SINKHOLE		1,678,348		
<b>PROJECTED COST TOTAL</b>	<b>22,414,070</b>	<b>23,982,319</b>		

Construction Info

Budget Item	9/27/23 Estimated Costs
	Construction Info
<b>Solar PV</b>	
Solar PV System (Roof top)	\$692,000
Solar PV System (Ground Mount)	-
Utility Study Fee	\$7,000
Changes to CT Cabinet	\$35,483
Electrical System Upgrades	-
Battery Ready Design*	-
Solar Design and Energy Modeling	\$78,450

Geothermal	Construction Info
Geothermal Design	\$31,140
Geothermal Cost	\$460,567

Mechanical	
Mechanical Design	
Indoor ERU	\$215,000
Roof Mounted ERU	\$116,200
Water - Water Heat Pump	\$121,000
Water Source Heat Pumps	\$181,700
Fan Coil Units	\$2,050
Hydronic Heaters	\$4,400
Radiant Floor	\$58,000
VFDs	\$8,250
Louvers	\$5,390
Ductwork	\$210,000
Piping	\$305,000
Controls	\$263,245
Insulation	\$150,600
Glycol	\$32,600
Test and Balance	\$150,600
Grills/Finishes	\$29,375
Mechanical Total	\$1,853,410
IRA Construction Qualifying	\$1,853,410

Electrical	
Electrical Design	

Switchgear	\$482,000
Switchgear Labor	\$17,000
Branch Conduit Underground	\$119,000
Branch Conduit Underground	\$95,000
Branch Conduit Overhead	\$84,000
Branch Conduit Overhead Lab	\$123,000
Electrical Total	\$920,000
IRA Qualifying	\$920,000

Commissioning	\$72,500
<b>Total First Cost NZE Items</b>	<b>\$1,304,640</b>
<b>Incentives</b>	9/27/2023 Estimated Incentives
Focus on Energy New Construction	\$53,188
Focus on Energy Solar PV	\$50,000
ITC/IRA Tax Incentives*	\$1,077,323
<b>Total Incentives</b>	<b>\$1,180,511</b>
<b>Net First Cost NZE Items</b>	<b>\$124,129</b>

\*assumed 26% tax credit direct pay on all design, equipment and installations costs for the solar PV and geothermal systems

  
**VILLAGE OF**  
**Mcfarland**  
**SUMMARY SHEET**

**MEETING DATE:** Thursday, November 16, 2023

**SECTION:** Business

**DEPARTMENT:** Administration

**CONTACT:** Andrew Bremer, Comm & Eco Dev Director

**AGENDA ITEM:** Discussion and action to make a recommendation to the Village Board regarding Ordinance #2023-13: an ordinance to amend the Municipal Code concerning impact fees.

**PREVIOUS ACTION:**

**ISSUE SUMMARY:**

Ordinance 2023-13 amends the Municipal Code to add a new Public Safety Center impact fees based on the Public Safety Center Public Needs Assessment (Impact Fee Study). Background regarding the Public Safety Center Needs Assessment Study is provided in the prior agenda item.

With the adoption or amendment of any impact fee, an important consideration is the impact on future growth and development of the Village, particularly the impact on affordable housing.

Ordinance 2023-13 would also amend the Municipal Code to allow the Village Board to consider partial or full waivers of any Village impact fee for the purpose of developing affordable housing, similar to the authorization currently allowed for park impact fees under Sec. 8-464(d)(4). This modification provides the Village Board with the flexibility to spread out the fee reductions across multiple accounts rather than solely through the park fund. Per State Statutes, the Village Board will hold a public hearing on the impact fee changes prior to adopting the changes. Once adopted and in effect, they are applied to applicable future new development projects through the building permit. The effective date of Ordinance 2023-13 is January 1, 2024.

**FINANCIAL/BUDGET IMPACT:**

**VILLAGE PLAN REFERENCE:**

**ORDINANCE REFERENCE:**

**BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:**

**ATTACHMENTS:**

1. 2023-13 Amendments to Impact Fee\_11.09.23

**ORDINANCE 2023-13**

**AN ORDINANCE TO AMEND THE MUNICIPAL CODE  
CONCERNING IMPACT FEES**

Purpose: To amend the Municipal Code to revise the regulations concerning impact fees for the Public Safety Center and to permit the Village Board to waive impact fees to facilitate the development of affordable housing.

Sponsor: Community & Economic Development Director Bremer

Recommended Referral: Finance Committee

Public Hearing: Required; Preceded by Class 1 Notice

**WHEREAS**, the Village of McFarland has completed construction of its Public Safety Center (the PSC) and the PSC is designed to address current public safety needs as well as anticipated public safety needs created by future commercial and residential development in the Village; and,

**WHEREAS**, the Village has previously used impact fees to fairly allocate the financial burdens of providing public facilities to future residents and developers; and,

**WHEREAS**, the Village recently completed a needs assessment addressing the need for public safety services created by future residential and commercial development; and

**WHEREAS**, Village staff has proposed setting an impact fee consistent with the needs assessment in order to pay for some of the capital costs in building the PSC required because of future growth in the Village; and

**WHEREAS**, Village staff has also proposed amending the Municipal Code to authorize the Village Board to waive impact fees in order to facilitate the development of affordable housing; and

**WHEREAS**, the Village Board agrees with the recommendations, and enacting the proposed ordinance is in the public interest;

**NOW, THEREFORE**, the Village Board of the Village of McFarland, does ordain as follows:

**1. Section 8-466 of the McFarland Municipal Code is created to state as follows:**

Sec. 8-466. – Public Safety Center Impact Fee.

- (a) Except as otherwise provided by law, a Public Safety Center impact fee shall be collected at the time a building permit is issued for construction of any of the following:
  - (1) New single-family, duplex and multifamily residential dwelling units, group quarter units, condominium units, and additions that increase the number of dwelling units on a lot;
  - (2) Commercial developments and industrial developments, including new principal and accessory buildings and structures, and including additions that increase the square footage of any existing building or structure.
- (b) The Public Safety Center impact fee shall be as established by the Village Board from time to time and provided in Appendix A to this Code.
- (c) The following shall be exempt from a Public Safety Center impact fee:
  - (1) Additions to existing single-family, duplex or multi-family residential dwelling units, so long as no new dwelling units are created;
  - (2) Accessory structures in residential districts, and temporary structures;
  - (3) Tear-downs of existing single-family, duplex or multi-family residential dwelling units and replacement with new single-family, duplex or multi-family residential dwelling units with the same number of dwelling unit(s).
  - (4) Tear-downs of commercial or industrial buildings or structures and replacement with new commercial or industrial buildings or structures with the same or less square feet. The square footage of any replacement commercial or industrial building or structure in excess of the existing building or structure is not exempt from the Public Safety Center impact fee.

**2. Section 8-467 of the McFarland Municipal Code is created to state as follows:**

Sec. 8-467. – Affordable Housing.

The Village Board may waive or partially waive any impact fee for the purpose of developing affordable housing. Whether to waive any impact fee, in full or in part, is a discretionary decision by the Village Board to be made on a case-by-case basis.

**3. Paragraph 8-464(d)(4) of the McFarland Municipal Code is repealed.**

**4. Section 23-118 is amended to state as follows:**

Sec. 23-118. - Established fees.

The following fees are impact fees established by the Village pursuant to Wis. Stats. § 66.0617:

- (a) Public water impact fees pursuant to Section 8-463.
- (b) Park improvement impact fees pursuant to Section 8-464.
- (c) Park-land impact fees pursuant to Section 8-464.

- (c) Public library impact fees pursuant to Section 8-465.
- (d) Public Safety Center impact fees pursuant to Section 8-466.

**5. Paragraph 23-119(a) is amended to reflect the following:**

- (a) The following Village documents contain the needs assessments for the impact fees identified under Section 23-118, and demonstrate Village compliance with the requirements of Wis. Stats. § 66.0617(4):
  - (1) Public Facilities Needs Assessment for Public Water Impact Fees prepared by Town & Country Engineers dated December 9, 1997;
  - (2) Report on Impact Fees prepared by Virchow, Krause & Company dated December 9, 1997, as amended by Report dated February 21, 2002;
  - (3) Park Impact Fee, Fee in Lieu of Land Dedication and Public Facility Needs Assessment prepared by Baker Tilly Virchow Krause, LLP dated January 27, 2020;
  - (4) Public Facilities Needs Assessment for Public Library Impact Fees prepared by Virchow Krause & Company, LLP dated March 7, 2006; and,
  - (5) Public Safety Center Impact Fee Study prepared by Baker Tilly Virchow Krause, LLP dated \_\_\_\_\_, 2023.

**6. Appendix A of the McFarland Municipal Code is amended to reflect the following amounts for park impact fees.**

8-466 Public Safety Center impact fee:

Type of dwelling unit:	Amount:
Single-Family	\$2,233.00
Multi-Family	\$1,630.00
Group Quarters	\$826.00
Commercial/Industrial:	\$1,209.00 per 1,000 square feet of floor area or other developed areas, including accessory structures, but not including parking for non-residential development.

Mixed Use developments shall include both the residential and commercial/industrial fees calculated for each component based on the above amounts.

The above and foregoing Ordinance shall become effective January 1, 2024.

The above and foregoing Ordinance was duly adopted at a regular meeting of the McFarland Village Board on the \_\_\_\_ day of \_\_\_\_\_, 2023.

APPROVED:

\_\_\_\_\_  
Carolyn Clow, Village President

ATTEST:

\_\_\_\_\_  
Cassandra Suettinger, Deputy  
Administrator/Clerk

<b>ORDINANCE 2023 – 13</b>	
<b>MOTION</b>	<b>SECOND</b>
<b>ACTION</b>	<b>DATE</b>
Adopted	
Referred	
Tabled	
Withdrawn	
Defeated	
Published	
<b>INDIVIDUAL VOTING RECORD</b>	
Brandt –	Jerke -
Brassington –	Fessler –
Clow –	Wreh –
Flaherty -	
<b>VOTING RESULTS</b>	
Motion Carried	
Motion Defeated:	

  
**McFarland**  
**SUMMARY SHEET**

**MEETING DATE:** Thursday, November 16, 2023

**SECTION:** Business

**DEPARTMENT:** Administration

**CONTACT:** Matt Schuenke, Village Administrator, Cassandra Suettinger, Deputy Administrator/Clerk, Jennifer Haried, Accountant/Deputy Treasurer

**AGENDA ITEM:** Discussion on updates to the Finance Committee work plan regarding policy reviews.

**PREVIOUS ACTION:**

The Finance Committee reviewed this work plan at its meeting on March 23, 2023.

**ISSUE SUMMARY:**

[Please click on this link to review the Fiscal Policy Manual for the Village.](#) We currently have the following chapters established listed with their effective date:

- Chapter 01 - Accounting and Audit 2012
- Chapter 02 - Budget Development 2012
- Chapter 03 - Debt Management 2020
- Chapter 04 - Fund Balance 2015
- Chapter 05 - Investment 2020
- Chapter 06 - Capitalization of Fixed Assets 2012
- Chapter 07 - Expenditure of Parks Capital Projects Fund Revenues 2020
- Chapter 08 - Interfund Advances 2012
- Chapter 09 - Revenue Collection Write-Off Policy 2023
- Chapter 10 - Purchasing 2018
- Chapter 11 - Revenues 2011
- Chapter 12 - Vehicle Replacement 2020
- Chapter 13 - Community Grant Program 2023
- Chapter 14 - Affordable Housing Fund 2023

We have made some progress this year with new policies in Chapter 13 and 14 as well as updating Chapter 9 this year. We need to get into some of the other existing policies as part of this process which

The following work plan is proposed for the Finance Committee to update our fiscal policies into the next year:

- December 21 - Meeting is requested to discuss cancellation.
- January 18 - Chapter 1 (Accounting and Audit) and combination of Chapter 2/11 (Budget



and Revenues).

- February 15 - Chapter 4 (Fund Balance), Chapter 6 (Capitalization of Fixed Assets), and Chapter 8 (Interfund Advances).
- March 21 - Chapter 10 (Purchasing)
- April 18 - Likely a second meeting on Chapter 10 (Purchasing) and Chapter 3 (Debt Management).
- May 16 - Chapter 5 (Investment) and Chapter 12 (Vehicle Replacement).

Along the way we could provide an update on Chapter 7 for Expenditure of Parks Capital. This policy is tied to Village Ordinance and the Parks Impact Study that was done in 2020. Updates for these standards are in line with State law and should be considered within the process to assess the impact fee within its schedule for updates as applicable.

- November 16 - Chapter 03 (Debt Management)
- December 21 - Chapter 05 (Investment)
- January 18 - Chapter 07 (Exp of Parks Capital)
- February 15 - Chapter 12 (Vehicle Replacement)
- March 21 - Chapter 09 (Collection and Write Off)

Staff will work to prepare updates and utilize the Village Auditor, Bond Counsel, Village Attorney, and Financial Advisor where applicable. Schedule will flow as time allows and work is advanced by the Committee.

**FINANCIAL/BUDGET IMPACT:**

Most of this work will be conducted by Village Staff but may at time require reviews by the Village Attorney, Auditor, and Financial Advisor where applicable. Costs for which will be accounted for within normal operating budgets.

**VILLAGE PLAN REFERENCE:**

None.

**ORDINANCE REFERENCE:**

None.

**BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:**

Presented for discussion. No action needed.

**ATTACHMENTS:**

None

  
**VILLAGE OF**  
**McFarland**  
**SUMMARY SHEET**

**MEETING DATE:** Thursday, November 16, 2023

**SECTION:** Business

**DEPARTMENT:** Administration

**CONTACT:** Cassandra Suettinger, Deputy Administrator/Clerk, Jennifer Haried,  
Accountant/Deputy Treasurer

**AGENDA ITEM:** Discussion and action to make a recommendation to the Village Board regarding updates to Chapter 1 (Accounting and Auditing) of the Fiscal Policy manual.

**PREVIOUS ACTION:**

N/A

**ISSUE SUMMARY:**

Attached is suggested revisions and updates to Chapter 1(Accounting and Auditing) of the fiscal policy manual. Most changes are minor in nature and related to position changes and process changes the Village has been utilizing for years that is codified in the policy update.

**FINANCIAL/BUDGET IMPACT:**

None

**VILLAGE PLAN REFERENCE:**

None

**ORDINANCE REFERENCE:**

None

**BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:**

Recommended for discussion and recommendation.

*Motion to recommend to the Village Board approval of updates to Chapter 1(accounting and Auditing) of the Fiscal Policy Manual.*

**ATTACHMENTS:**

1. Chapter 1 - Accounting and Audit Policy 11092023

# CHAPTER 1      Accounting and Audit Policy

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## SECTION 9.01      Policy Purpose

The purpose of this policy is to set forth the accounting and audit procedures under which the Village will structure and operate its financial systems. Those financial systems will incorporate necessary internal controls to monitor revenues, expenditures, and program performance on an ongoing basis. The policy provisions herein shall apply to all fund types maintained by the Village, including the General fund, various Special Revenue funds, the Debt Service fund, Capital Projects fund, and Utility enterprise funds.

## SECTION 1.02      General Principles

- A. The Village's accounting and financial reporting systems will be maintained in conformance with all state and federal laws, Generally Accepted Accounting Principles (GAAP) and the standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).
- B. An annual audit will be performed by an independent public accounting firm which will issue an official opinion on the annual financial statements, with a management letter detailing areas that need improvement. In addition, full disclosure will be provided in the financial statements and bond representations.
- ~~C. Financial systems will be maintained to monitor expenditures and revenues on a monthly basis and all revenue collections will be consolidated under the Deputy Administrator/Clerk. A Treasurer's Report will be prepared and submitted to the Village Board monthly detailing budget-to-actuals regarding revenues and expenses of all funds. In addition, the Treasurer's report shall provide an overview of the depository location and balances of all Village funds.~~
- ~~C. Financial systems will be maintained to monitor expenditures and revenues on a monthly basis and all revenue collections will be consolidated under the Administrator/Treasurer. A cash flow analysis, including disbursements, collections, and investments, will be prepared on a regular basis indicating that sufficient cash is available for daily financial needs.~~
- D. Encumbrances represent commitments related to unperformed contracts for goods or services, and will be recorded when incurred. Encumbrances outstanding at year-end will be reported as reservations of fund balance.

- E. The Village will establish and maintain a depreciation schedule based on the straight-line method. The useful life of capital assets will be based on internal information, information on comparable assets from other governments, and general guidelines from professional or industry organizations.

### **SECTION 1.03 Fund Accounting**

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the annual financial statements into five generic fund types as follows:

- A. General Fund – The General fund is the primary operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.
- B. Special Revenue Funds – Special revenue funds are used to account for the proceeds of certain specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds include the Library Fund, Solid Waste Fund, Communication & Technology Fund, Youth Center Fund, Affordable Housing Fund, ARPA Fund, TIF Funds, Retiree Fund, Canine Fund and the Parks capital projects fund.
- C. Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.
- D. Capital Projects Funds – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. Tax incremental district funds are treated as capital projects funds.
- E. Enterprise Funds – Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. With these funds, the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the public on a

continuing basis be financed or recovered primarily through user charges. The Village has two enterprise funds, the Water and Sewer Utility and the Stormwater Utility.

**A. SECTION 1.04 Fund Accounting**

~~1.A.~~ The modified accrual basis of accounting is followed by the governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Village defines this period to be one year. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgements, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

~~2.B.~~ Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided. In addition to property taxes for the Village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as deferred revenues and due to other taxing units on the accompanying balance sheet. Taxes are levied in December on the assessed value as of the prior January 1.

~~3.C.~~ Intergovernmental aids and grants are recognized as revenues in the period the related expenditures are incurred, if applicable, or when the Village is entitled to the aids.

~~4.D.~~ Special assessments are recorded as revenues when collected. Annual installments due in future years are reflected as receivables and deferred revenues.

~~5.E.~~ Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services and interest.

~~6.F.~~ Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

7.G. The Village reports deferred revenues on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received before the Village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

8.H. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Adopted: November XX, 2023

  
**VILLAGE OF**  
**McFarland**  
**SUMMARY SHEET**

**MEETING DATE:** Thursday, November 16, 2023

**SECTION:** Business

**DEPARTMENT:** Administration

**CONTACT:** Matt Schuenke, Village Administrator, Cassandra Suettinger, Deputy Administrator/Clerk, Jennifer Haried, Accountant/Deputy Treasurer

**AGENDA ITEM:** Discussion regarding updates to Chapter 2 (Budget Development) and Chapter 11 (Revenues) of the Fiscal Policy manual.

**PREVIOUS ACTION:**

None.

**ISSUE SUMMARY:**

Enclosed within the packet are the current approved versions of Chapter 2 for Budget Development and Chapter 11 for Revenue that were adopted in 2012 and 2011 respectively.

Our current processes for both generally align with the policy guidelines established but given their dated nature are in need of an update. There remains a lot of overlap within these two items and it is also suggested that the update combine these elements into a single Chapter 2.

These policies are being introduced to provide a summary of the current terms and discuss the concept of combination. Changes then will be reviewed in January with proposed changes for updates.

**FINANCIAL/BUDGET IMPACT:**

None.

**VILLAGE PLAN REFERENCE:**

[2023 Budget - Board Approved](#) (November 22, 2022)

[2024 Budget - Staff Submittal](#) (September 26, 2023)

**ORDINANCE REFERENCE:**

None.

**BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:**

Presented for discussion only in order to introduce the current policies. No action intended for this meeting.

**ATTACHMENTS:**

1. Chapter 2 - Budget Development Policy 08272012
2. Chapter 11 - Revenue Policy 10102011

# **BUDGET DEVELOPMENT POLICY**

## **POLICY PURPOSE**

The process for the publication and legislative consideration of the annual budget for the Village is stated in Wis. Stats. § 62.12 and § 65.90 and Chapter 23, Article II, Division 2 of the McFarland Code of Ordinances. Those legislative guidelines provide the overall framework and minimum legal requirements for the Village budget process. This policy outlines the process to be followed by Village staff and the Village Board in developing and presenting the annual operating and capital budgets for all Village operations, including utilities, for review and adoption.

## **POLICY IMPLEMENTATION OBJECTIVES**

### **A. BASIS OF BUDGETING**

1. The Village adopts annual budgets for the general, special revenue, debt service and capital project funds that are prepared on the modified accrual basis of accounting. The enterprise funds budgets are prepared on the accrual basis of accounting.
2. The adopted budget indicates the amount that can be expended by each fund based on detailed budget estimates for individual expenditure accounts. Management may make budget modifications within the department level. All budget revisions at the fund level must be authorized by the Village Board at the request of the Administrator/ Treasurer. The Board, under Wis. Stats. § 65.06, can modify or amend the budget if unappropriated funds are available. All supplemental appropriations are financed either by transfers from reserves or by revenues received in excess of the budgeted amounts.
3. All budget amounts lapse at the end of the year to the extent they have not been expended.
4. The basis of budgeting for the Village's funds is the same as the basis used for the fund statements in the Village's annual financial statements.

### **B. GENERAL BUDGET PROCEDURES**

1. The annual budget for the Village developed for consideration by the Village Board will include all operations of the Village, including utilities, and will include both the operating budget for the ensuing fiscal year and a capital budget based upon a five-year capital improvement plan.

2. Before commencement of the annual budget process, the Village Board and the Administrator/Treasurer will develop recommended budget parameters and the budget calendar. Budget parameters will include allowable increases/decreases in operating budgets, projected wage increases, targets for borrowing in accordance with the Village's debt management policy, anticipated changes in revenue sources or tax base growth, and other factors.
3. Certain elements of budgets that are common across departments will be calculated and/or monitored by the Administrator/Treasurer on a centralized basis to ensure comparability and budgetary control. These areas include:
  - a. Salaries and benefits
  - b. Liability, worker's compensation, and property insurance coverages
  - c. Fuel and utility cost assumptions
  - d. Public Fire Protection Charge

The Administrator/Treasurer is responsible for coordination and initial review of departmental budget submissions. As necessary, meetings will be held with departments to review their budget requests prior to finalizing the budget.

4. The budget, consisting of the Administrator/Treasurer's recommendations on department requests shall be submitted to the Village Board for its consideration. Along with the executive budget submission, the following information will be reported to the Village Board:
  - a. All budget requests by departments, whether recommended for funding or not in the budget
  - b. A report from the Administrator/Treasurer as to whether the budget falls within the initial parameters established by the Village Board and areas in which changes/adjustments could be considered
5. Village Board review and deliberation on the budget and municipal services will generally be done in consultation with department heads, as determined appropriate by the Board. The annual operating and capital budgets will be submitted to the Village Board for adoption by formal Resolution.

## C. OPERATING BUDGETS

1. The operating budgets will serve as the annual financial plans for the Village and as the policy documents for implementing Board goals and objectives. The budget will provide the staff the resources necessary to accomplish Village Board determined service levels. The Village's annual budget document will be presented by department, with a logical breakdown of programs and line-item detail. Separate summary budget information will also be presented for discussion and review by the Village Board and the public.

2. The Village will annually adopt a balanced budget for the General Fund where operating revenues and other funding sources are equal to, or exceed, operating expenditures. Funding sources that can be considered in adhering to this provision include applying some portion of the general fund balance (reserves) that exceeds the minimum level required to be maintained per the Village's fund balance policy. Any increase in expenditures, decrease in revenues, or combination of the two that would result in a significant budget imbalance during the current fiscal year will be reported to the Finance Committee for consideration and recommendation to the Village Board of budget revisions or use of fund balance reserves to support ongoing operations. Any year-end operating surpluses will revert to unreserved fund balance for use in maintaining reserve levels set by policy.
3. Enterprise funds (e.g., the Water and Sewer Utility and Stormwater Utility) shall be supported by their own rates and specified revenue sources, including property taxes as deemed appropriate by the Village Board, and not be subsidized by the General Fund. Enterprise fund operating surpluses will not be used to subsidize other Village funds.
4. Enterprise funds and special revenue funds will pay their proportionate share of overhead services provided by General Fund departments.
5. The Village Board exercises legal budgetary control at the fund level, however reports are provided at functional and departmental levels as defined in the Village budget document. Budget accountability rests primarily with the operating departments of the Village, with general oversight by the Finance Committee and the Public Utilities Committee.

#### D. CAPITAL IMPROVEMENT BUDGETS

1. The Village will enact an annual capital improvement budget based upon a five-year capital improvement plan. Projects or future capital expenditures to be included in the capital improvement plan shall include those items resulting from changes in population, changes in real estate development, changes in economic base, or developments anticipated as part of the master and neighborhood planning process. The capital improvements plan will also include consideration of major equipment replacement needs. The five-year capital improvement plan will be updated annually.
2. The Village will coordinate development of the annual capital improvement budget and the vehicle/equipment replacement program with the development of the operating budget. Future operating costs or savings associated with new capital improvements or major equipment purchases will be projected and included in the operating budget. Approval of the annual capital improvement budget shall take place at the same time as approval of the annual operating budget.

3. As part of the annual capital improvement budget process, the Administrator/Treasurer will develop for consideration by the Village Board a projection of changes in the property tax levy necessary for debt service in subsequent budget years. Such target will be used to develop guidelines for the level of borrowing to be used in supporting the annual capital improvement budget. The projection will be based on a combination of factors including, but not limited to, expected growth in tax base, inflation rates, or similar factors.
4. Utility projects not funded via special assessments, grants, or similar funding sources other than utility rates will be analyzed for future rate impacts as part of the annual budget process. Utility projects will be coordinated with Village projects to minimize costs and inconvenience to residents.
5. Development-related projects for which tax incremental financing might be considered will be considered outside of the borrowing projections noted above due to the dedicated revenue stream (tax increments or other sources) used to pay the debt.
6. Each department head will develop the annual capital improvement budget for his or her respective department. These initial budgets should be reviewed by the appropriate board or committee which is responsible for overseeing the operations of each department. The final review of the annual capital improvement budget will then be completed by the Administrator/Treasurer prior to being presented to the Village Board for approval.
7. Capital improvement expenditures shall include any amounts expended for equipment or other assets with a useful life of more than five years and/or which involve amounts more than \$2,500. Expenditures not meeting these criteria, or which have a useful life of less than the payback period of the funds to be borrowed, shall be included in the Village's annual operating budget or equipment replacement program as applicable.
8. Requests for new or replacement vehicles and similar equipment will be analyzed in conjunction with the Village's equipment replacement program. Sinking funds will be established when feasible to fund future vehicle and equipment replacements.
9. Facility improvement projects to be included in the capital improvement budget should involve major renovations that change the floor plan, wall locations, modifications to the structure, or modifications to building mechanical systems. Items that do not meet these criteria should be included in department operating budgets.
10. The Village will make all capital improvements in accordance with the approved annual capital improvements budgets. Any variance from the

approved budget that would require a supplemental appropriation, or to add, delete or substitute projects, requires approval by the Village Board.

11. Financing Considerations

- a. The Village will utilize the least costly financing method for all new projects.
- b. Each department will identify the estimated costs and potential alternate funding sources for each capital improvement project proposal.
- c. The Village will utilize available grant funds and other intergovernmental assistance to finance only those capital improvements that are consistent with the capital improvement plan and the Village's priorities.

12. Other Considerations

- a. The Village will maintain all of its assets at a level adequate to protect the Village's capital investment and to minimize future maintenance or replacement costs.
- b. The Village will maintain adequate equipment utilization and maintenance records to support its five-year capital improvement plan and to assure proper maintenance of equipment.

E. BUDGET DEVELOPMENT PROCESS (General)

1. The formal budget process begins in late June of each year when the Village Board determines the details of the budget calendar and budget review process to be used that year. Informally, aspects of upcoming budgets are discussed throughout the year with the Village Board and staff. [Refer to the attached Budget Schedule which describes the process and timetable for the current year.]
2. In July the Village Board is presented with pertinent background information for the upcoming budget and fiscal policy recommendations from the Finance Committee. The Board determines general budget parameters and guidelines to be followed by the departments when compiling their budget requests. As appropriate, the Administrator/Treasurer details alternative budget scenarios for the department heads to submit.
3. The Administrator/Treasurer provides each department with historical financial information and projected salary and benefit figures based on the authorized positions. Department heads are then responsible for completing budget requests in accordance with the guidelines provided by the Administrator/Treasurer and the Village Board. Capital budget requests and changes in staffing levels or significant service level/policy changes are reviewed with committees of jurisdiction in July and August. Departmental budget requests are returned to the Administrator/Treasurer in late August for compilation.

4. Simultaneously, the Administrator/Treasurer reviews current year revenue trends and completes revenue estimates for the budget year. The Administrator/Treasurer reviews the budget amounts requested and meets with department heads individually to discuss potential cost savings measures and overall financial goals of the Village.
5. In late August each department reviews with the Village Board any significant budget problem areas or opportunities for the coming year and any requested changes in staffing. The Village board determines budget assumptions to be made regarding requested staffing changes and wages and benefits for non-represented and represented employees.
6. In mid-September the Village Board is given an overview of the compiled departmental budget requests. Budget policy issues are identified and discussed and final direction is provided to staff by the Board on tentative tax levy, revenue, expense, staffing, and service change assumptions to be incorporated in the proposed budget.
7. The recommended five-year capital improvement plan is typically distributed to the Village Board in mid-September and reviewed at a working session in late September or early October. The recommended operating budgets are typically distributed to the Village Board in mid-October and reviewed in multiple working sessions in late October or early November following the public hearing. The operating and capital budgets of the Water and Sewer Utility and the Stormwater Utility are typically reviewed by the Public Utilities Committee in November and forwarded to the Village Board for action in December.
8. In late October the Village Board holds a public hearing on the proposed budgets following publication of budget summaries in accordance with statutory requirements. Members of the public are encouraged to comment at the public hearing on the proposed budgets and their impact on municipal services.
9. For a one week period following the final budget review meeting Village Board members may submit requests for changes to the proposed budgets. Any proposed changes will be circulated to all other Board members and staff for proper evaluation and analysis of operational and service impacts prior to discussion and possible action at the subsequent Village Board meeting. Consideration of budget changes not submitted by the deadline will be determined by a majority of the Village Board.
10. The budget for each individual fund is adopted separately by the Village Board which also approves the overall tax levy for Village purposes and the composite tax levy to be collected for all taxing jurisdictions. The adoption of non-utility budgets typically occurs on the second Monday in November.

Adopted 08.27.12

# REVENUE POLICY

## POLICY PURPOSE

The Village needs to maintain a diversified and stable revenue base to shelter it from unanticipated fluctuations and to minimize reliance on the property tax. Similar sources and uses of revenues should be matched to the extent possible to ensure adequate and equitable funding for various Village services and programs over the long term.

## POLICY IMPLEMENTATION OBJECTIVES

### A. GENERAL CONSIDERATIONS

1. Each year and whenever appropriate, existing revenues will be re-examined by the Administrator/Treasurer and staff and possible new sources of revenues will be explored to ensure that the Village is optimizing its revenue potential.
2. The Village will establish all user charges and fees at a level related to the actual cost of providing the service. Each year the Village will recalculate the direct and indirect cost of services supported by user fees to identify the impacts of inflation and other cost increases.
3. Legally restricted revenues will be avoided when they adversely affect the short or long-term financial health of the Village. One-time revenues will be used for capital improvements or as legally restricted to a specific purpose.
4. Each year and whenever appropriate, intergovernmental revenues will be reviewed to determine their short and long-term stability, to minimize the impact of any adverse changes. Intergovernmental revenues shall be used as legally prescribed or otherwise set forth by policy.
5. Any amounts due to the Village will be carefully and routinely monitored. An aggressive policy of collection will be followed for all receivables, including property taxes. In addition, proprietary funds will generate revenue sufficient to support the full direct and indirect costs of these funds.
6. All potential grants and other aid shall be carefully examined for matching requirements and restrictive covenants, to ensure that Village participation in such grants will be beneficial and cost-effective.

### B. BUDGET CONSIDERATIONS

1. Annual revenue will be estimated using an objective, analytical process.
2. Revenues are to be budgeted for debt service amounts relating to general obligation debt before they are allotted for any other type of expenditure.

3. Where appropriate and not contrary to accepted public policy or statutes, emphasis will be directed toward full cost recovery through user fees and cost sharing with other governmental units and other Village funds such as utilities. User fees and cost allocation formulas will be reviewed annually by the Village Board as part of the budget process, and revised as necessary to reflect inflation and other cost increases.
4. Payments in lieu of taxes from municipal utilities will be budgeted and based on utility estimates.
5. Commercial revenue sources will be budgeted conservatively.
6. Proceeds from the sale of equipment or excess property will not be budgeted as operating revenue unless such amounts can be accurately projected. Any such proceeds received shall be recorded in the appropriate fund (for example, proceeds from equipment sales should be recorded in the fund the equipment was replaced from)
7. Revenue estimates for the annual budget will take into consideration the statistical ten-year analysis of revenue trends, property tax levies and property value growth percentages and the current year projected financial results.

#### C. REVENUE MONITORING

1. A comparison of actual revenues to budgeted amounts will be made by the Administrator/Treasurer on a monthly basis. A report will be made to the Finance Committee and Village Board at mid-year or anytime the likelihood of a significant revenue shortfall is identified. If the shortfall is anticipated to be other than temporary, the Administrator/Treasurer will coordinate the development of a plan to maintain a balanced budget.

#### D. OTHER CONSIDERATIONS

1. New sources of non-property tax based revenue should be actively explored and discussed throughout the year.
2. Intergovernmental grant requests shall be reviewed by the Administrator/Treasurer and the Village Board prior to the application being submitted, whenever possible. This review is to ensure that the grants do not create an obligation for unfunded expenditures by the Village relating to the grant's purpose and to provide an overall budgetary review of grant proposals. Grants requiring Village matching funds should be reported to the appropriate committee or commission and Village Board prior to submission of the grant application. The Village Board shall approve all matching funds grant awards prior to the final acceptance of a grant. Grant reimbursement requests should be submitted to the Administration Department for tracking of grant activity and proper recording of grant revenues.

Adopted: October 10, 2011