

Thursday, August 21, 2025

6:00 PM

McFarland Municipal Center
5915 Milwaukee St, McFarland
Community Room

AGENDA

The public may attend in-person or remotely through the Zoom webinar or telephone options listed below. *Please Note: Virtual attendance is offered as a convenience, but technical difficulties beyond the Village's control may prevent or limit its availability at any meeting. The public is encouraged to attend the meeting in person to assure full access to the proceedings.*

PLEASE CLICK THE LINK BELOW TO JOIN THE ZOOM WEBINAR:

<https://us02web.zoom.us/j/84236376559>

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

Webinar ID: 842 3637 6559

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 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 July 17, 2025 meeting.

4. BUSINESS.

- a. Presentation and discussion regarding second quarter financial summary report for 2025.
- b. Discussion regarding updates to Chapter 3 (Debt Management Policy) of the Fiscal Policy Manual.
- c. Discussion regarding the creation of an ordinance requiring a referendum vote of the electors before certain public construction projects can be commenced.

5. SCHEDULE NEXT MEETING DATE.

- a. Thursday, September 18, 2025 at 6:00 pm.

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 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, July 17, 2025 - 6:00 PM

1. CALL TO ORDER, ROLL CALL.

Village Trustee Luke Fessler called the Finance Committee meeting to order at 6:00 pm in the Community Room of the McFarland Municipal Center.

Members present: Stephanie Brassington, Kathy Annen, Luke Fessler

Members not present:

Staff Present: Village Administrator, Matt Schuenke, Finance Manager/Treasurer, Lisa Skar

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 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 June 24, 2025 meeting.*

Motion by Village Trustee Luke Fessler, second by Village President Stephanie Brassington, to approve the minutes of the June 24, 2025 Finance Committee meeting. Motion carries 3 - 0 - 0 by acclamation.

4. BUSINESS.

- a. *Discussion and action to make a recommendation to the Village Board regarding updates to Chapter 2 (Budget Development Policy) of the Fiscal Policy Manual.*

Village Administrator, Matt Schuenke, discussed the proposed updates to Chapter 2

(Budget Development Policy) of the Fiscal Policy Manual.

Motion by Village Trustee Luke Fessler, second by Village Trustee Kathy Annen, to approve a recommendation to the Village Board regarding updates to Chapter 2 (Budget Development Policy) of the Fiscal Policy Manual. Motion carries 3 - 0 - 0 by acclamation.

b. Discussion regarding updates to Chapter 3 (Debt Management Policy) of the Fiscal Policy Manual.

The Finance Committee and Village Administrator, Matt Schuenke, discussed proposed updates to Chapter 3 (Debt Management Policy) of the Fiscal Policy Manual. This will be discussed again at the next Finance Committee meeting.

5. SCHEDULE NEXT MEETING DATE.

a. Thursday, August 21, 2025 at 6:00 pm.

6. ADJOURNMENT.

Motion by Village President Stephanie Brassington, second by Village Trustee Kathy Annen, to adjourn at 6:50 p.m.

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,
Lisa Skar
Finance Manager/Treasurer



**VILLAGE OF
McFarland
SUMMARY SHEET**

MEETING DATE: Thursday, August 21, 2025

SECTION: Business

DEPARTMENT: Administration

CONTACT:

AGENDA ITEM: Presentation and discussion regarding second quarter financial summary report for 2025.

PREVIOUS ACTION:

ISSUE SUMMARY:

The Finance Committee requested more condensed quarterly financial reports at the May 20th Finance Committee meeting. Staff provided two reports at the June 17th Finance Committee meeting for their review and feedback. The Finance Committee approved the format of the two reports provided and requested an additional report showing the total year-to-date revenue and expenditures for all funds on one page, including a prior year comparison.

Included within the packet are three budget status reports, including the two original reports, which have been updated for quarter two, and a new condensed budget report for all funds. The goal of these reports is to provide the Committee and the public with a quarterly overview of the Village's revenues and expenditures in a more condensed format.

Currently, the Village Board receives monthly budget-to-actual revenue and expense reports that include every account within each fund. This typically equates to an 80+ page document that is not easy to review and digest in a reasonable amount of time. Staff hope that the new proposed summary report will increase transparency and efficiency for anyone who would like a quick overview of the Village's financial status.

The *GF Budget Status Narrative* provides a snapshot of the total year-to-date General Fund revenue and expenditures as a percentage of the budget, including corresponding graphs to provide a clear visual representation of the Village's current budget status. This report also includes a brief explanation of any significant budget variances. The *GF Caselle Summary Report* provides a budget to actual comparison for each budget category within the General Fund. The *Condensed New Budget Report - All Funds, Incl. PY Comparison* provides the total year-to-date revenues and expenditures for all funds, comparing the year-to-date actuals to prior year actuals as well as the current year budget.

The plan for the next meeting is to review the reports and discuss any changes the Finance Committee might recommend for future reports.

FINANCIAL/BUDGET IMPACT:



VILLAGE PLAN REFERENCE:

ORDINANCE REFERENCE:

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

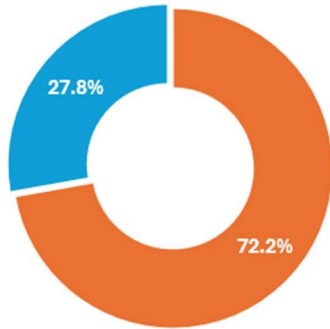
ATTACHMENTS:

1. Q2, 2025 - GF BUDGET STATUS NARRATIVE
2. Q2, 2025 - GF CASELLE SUMMARY REPORT
3. Q2, 2025 - CONDENSED NEW BUDGET REPORT - ALL FUNDS, INCL PY
COMPARISON

Q2, 2025 BUDGET STATUS NARRATIVE

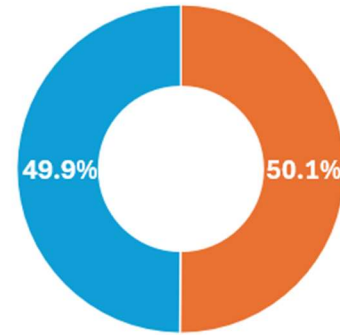
*50% of the fiscal year has elapsed

General fund **revenue** collected as of June 30, 2025
= \$5,947,906.43 or **72.2%** of the budget



■ Revenues Collected ■ Uncollected Revenues

General fund **expenditures** as of June 30, 2025
= \$4,126,948.71 or **50.1%** of the budget



■ Actual Expenditures ■ Budgeted Expenditures

Taxes: 91.3%

- 2024 Tax revenue has been recorded
- Remaining revenues (tax exempt P.I.L.O.T & water utility tax equivalent payments) are recorded in Dec.

Intergovernmental Revenues: 32.8%

- Most state shared revenues are received in July

Licenses & Permits: 40.3%

- Q2 room tax payments and cable franchise fees are received in July

Public Charges for Services: 63.9%

- **Ambulance fee revenue is higher this year due to higher call volume**

Elections: 101.3%

- No more elections this year

Village Assessor: 100.4%

- Village Assessor fees paid in full

Insurance: 106.7%

- Annual property, liability, and workers compensation ins. premiums paid in full
- Ins. premium increases across the board

Facility Management: 80.6%

- HVAC & other facility repairs
- Utility expenses greater than estimated

Senior Outreach: 37.3%

- Senior Outreach Director vacancy resulted in reduced Q1 wages. Amount will increase in quarters 2-4

VILLAGE OF MCFARLAND
 FUND SUMMARY
 FOR THE 6 MONTHS ENDING JUNE 30, 2025

GENERAL FUND

| | PERIOD ACTUAL | YTD ACTUAL | BUDGET | VARIANCE | PCNT |
|--------------------------------|----------------------|---------------------|---------------------|------------------------|-------------|
| <u>REVENUE</u> | | | | | |
| TAXES | .00 | 4,526,042.33 | 4,958,000.00 | 431,957.67 | 91.3 |
| INTERGOVERNMENTAL REVENUES | 495.36 | 389,454.77 | 1,188,250.00 | 798,795.23 | 32.8 |
| LICENSES & PERMITS | 37,359.08 | 155,808.16 | 386,500.00 | 230,691.84 | 40.3 |
| FINES, FORFEITURES & PENALTIES | 5,614.54 | 39,331.13 | 122,000.00 | 82,668.87 | 32.2 |
| PUBLIC CHARGES FOR SERVICES | 50,753.88 | 347,048.28 | 543,000.00 | 195,951.72 | 63.9 |
| INTERGOV CHARGES FOR SERVICES | 45,916.42 | 263,224.42 | 537,500.00 | 274,275.58 | 49.0 |
| MISCELLANEOUS REVENUE | 25,068.14 | 226,997.34 | 491,000.00 | 264,002.66 | 46.2 |
| OTHER FINANCING SOURCES | .00 | .00 | 12,500.00 | 12,500.00 | .0 |
| | <u>165,207.42</u> | <u>5,947,906.43</u> | <u>8,238,750.00</u> | <u>2,290,843.57</u> | <u>72.2</u> |
| <u>EXPENDITURES</u> | | | | | |
| VILLAGE BOARD | 314.24 | 46,144.65 | 94,000.00 | 47,855.35 | 49.1 |
| MUNICIPAL COURT | 7,671.46 | 50,880.15 | 105,250.00 | 54,369.85 | 48.3 |
| LEGAL | .00 | 38,749.45 | 111,000.00 | 72,250.55 | 34.9 |
| VILLAGE ADMINISTRATOR | 9,597.39 | 61,936.83 | 129,250.00 | 67,313.17 | 47.9 |
| ADMINISTRATION | 25,165.28 | 219,927.34 | 407,500.00 | 187,572.66 | 54.0 |
| ELECTIONS | 420.00 | 10,640.62 | 10,500.00 | (140.62) | 101.3 |
| INFORMATION TECHNOLOGY | 3,328.64 | 18,128.28 | 32,000.00 | 13,871.72 | 56.7 |
| VILLAGE ASSESSOR | .00 | 45,200.00 | 45,000.00 | (200.00) | 100.4 |
| INSURANCE | 175.12 | 119,991.24 | 112,500.00 | (7,491.24) | 106.7 |
| FACILITY MANAGEMENT | 19,038.71 | 161,216.40 | 200,000.00 | 38,783.60 | 80.6 |
| POLICE DEPARTMENT | 222,482.93 | 1,437,632.89 | 2,858,250.00 | 1,420,617.11 | 50.3 |
| FIRE & RESCUE DEPARTMENT | 149,950.70 | 917,912.71 | 1,856,750.00 | 938,837.29 | 49.4 |
| COMMUNITY DEVELOPMENT | 21,977.38 | 114,584.52 | 253,500.00 | 138,915.48 | 45.2 |
| EMERGENCY MANAGEMENT | 48.88 | 6,386.24 | 16,500.00 | 10,113.76 | 38.7 |
| PUBLIC WORKS | 69,739.33 | 402,204.10 | 907,750.00 | 505,545.90 | 44.3 |
| SENIOR OUTREACH | 26,641.94 | 160,641.10 | 430,500.00 | 269,858.90 | 37.3 |
| PARKS | 58,172.32 | 312,272.19 | 668,500.00 | 356,227.81 | 46.7 |
| TRANSFERS TO OTHER FUNDS | .00 | 2,500.00 | .00 | (2,500.00) | .0 |
| | <u>614,724.32</u> | <u>4,126,948.71</u> | <u>8,238,750.00</u> | <u>4,111,801.29</u> | <u>50.1</u> |
| | <u>(449,516.90)</u> | <u>1,820,957.72</u> | <u>.00</u> | <u>(1,820,957.72)</u> | <u>.0</u> |

REVENUES W/COMPARISON TO BUDGET AND PRIOR YEAR - ALL FUNDS

| FUND | PRIOR YEAR YTD | YTD ACTUAL | 2024 vs 2025 REVENUE | % CHANGE | BUDGET AMOUNT | % OF BUDGET |
|--------------------|----------------|-------------|----------------------|----------|---------------|-------------|
| General | (5,856,313) | (5,947,906) | (91,593) | 1.6% | (8,238,750) | 72.2% |
| Library | (1,139,447) | (1,188,925) | (49,478) | 4.3% | (1,201,250) | 99.0% |
| Youth Center | (30,000) | (32,500) | (2,500) | 8.3% | (40,750) | 79.8% |
| Affordable Housing | - | - | - | 0.0% | - | 0.0% |
| Debt Service | (3,476,835) | (3,989,540) | (512,706) | 14.7% | (4,701,500) | 84.9% |
| TID 3 | (1,430,076) | (1,877,948) | (447,872) | 31.3% | (2,324,250) | 80.8% |
| TID 4 | (173,130) | (221,174) | (48,044) | 27.8% | (1,025,250) | 21.6% |
| TID 5 | (326,211) | (455,943) | (129,732) | 39.8% | (804,750) | 56.7% |
| TID 6 | - | - | - | 0.0% | (1,715,000) | 0.0% |
| CAP. PROJ. | (106,259) | (1,586,211) | (1,479,952) | 1392.8% | (12,527,750) | 12.7% |
| PARK | (104,332) | (53,423) | 50,909 | -48.8% | (700,000) | 7.6% |
| UTILITY | (1,599,597) | (1,880,917) | (281,319) | 17.6% | (9,835,750) | 19.1% |
| STORMWATER | (384,195) | (401,772) | (17,577) | 4.6% | (1,470,000) | 27.3% |
| SOLID WASTE | (547,124) | (568,925) | (21,801) | 4.0% | (660,250) | 86.2% |
| RETIREE | (52,711) | (53,287) | (576) | 1.1% | (75,000) | 71.0% |
| CANINE | (25,681) | (25,441) | 240 | -0.9% | (25,500) | 99.8% |

EXPENDITURES W/COMPARISON TO BUDGET AND PRIOR YEAR - ALL FUNDS

| FUND | PRIOR YEAR YTD | YTD ACTUAL | 2024 vs. 2025 EXPENSES | % CHANGE | BUDGET AMOUNT | % OF BUDGET |
|--------------------|----------------|------------|------------------------|----------|---------------|-------------|
| General | 4,075,876 | 4,126,949 | 51,073 | 1.3% | 8,238,750 | 50.1% |
| Library | 571,990 | 632,368 | 60,378 | 10.6% | 1,201,250 | 52.6% |
| Youth Center | 40,250 | 40,250 | - | 0.0% | 40,750 | 98.8% |
| Affordable Housing | - | - | - | 0.0% | - | 0.0% |
| Debt Service | 1,933,943 | 2,303,367 | 369,424 | 19.1% | 4,701,500 | 49.0% |
| TID 3 | 424,611 | 436,144 | 11,533 | 2.7% | 2,324,250 | 18.8% |
| TID 4 | 588,528 | 104,229 | (484,299) | -82.3% | 1,025,250 | 10.2% |
| TID 5 | 117,537 | 128,415 | 10,878 | 9.3% | 804,750 | 16.0% |
| TID 6 | - | 32,191 | 32,191 | N/A | 1,715,000 | 1.9% |
| CAP. PROJ. | 3,511,203 | 3,747,847 | 236,645 | 6.7% | 12,527,750 | 29.9% |
| PARK | 146,860 | 8,342 | (138,518) | -94.3% | 700,000 | 1.2% |
| UTILITY | 1,213,559 | 1,283,124 | 69,566 | 5.7% | 9,835,750 | 13.0% |
| STORMWATER | 264,707 | 332,936 | 68,228 | 25.8% | 1,470,000 | 22.6% |
| SOLID WASTE | 281,046 | 336,608 | 55,562 | 19.8% | 660,250 | 51.0% |
| RETIREE | 5,037 | - | (5,037) | -100.0% | 75,000 | 0.0% |
| CANINE | 11,255 | 13,200 | 1,945 | 17.3% | 25,500 | 51.8% |


VILLAGE OF
McFarland
SUMMARY SHEET

MEETING DATE: Thursday, August 21, 2025

SECTION: Business

DEPARTMENT: Administration

CONTACT: Matt Schuenke, Village Administrator

AGENDA ITEM: Discussion regarding updates to Chapter 3 (Debt Management Policy) of the Fiscal Policy Manual.

PREVIOUS ACTION:

The Finance Committee reviewed this policy at its meeting on March 20, 2025.

The Finance Committee reviewed this policy at its meeting on June 24, 2025.

The Finance Committee reviewed this policy at its meeting on July 17, 2025.

ISSUE SUMMARY:

Enclosed is Chapter 3 of our Financial Policy Manual that is our Debt Management Policy with some proposed changes based on our discussion at the previous meeting.that we will begin to review further within the upcoming meeting. The main change that is proposed is reducing the total debt utilization from 67% to 50% as the previous standard. Some clarifying language is added to align with the tax levy as the overall requirement only applies to debt paid back through property taxes. A second change is proposed to align the debt to revenue ratio from 25% to 50% to be aligned with the utilization threshold. We will review and discuss these strategies to provide input on the proposed changes.

FINANCIAL/BUDGET IMPACT:

None.

VILLAGE PLAN REFERENCE:

None.

ORDINANCE REFERENCE:

None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

Presented for discussion in relation to the referral noted in the previous item.

ATTACHMENTS:

1. Chapter 3 - Debt Management Policy 08142025 mgs

CHAPTER 3 Debt Management Policy

SECTION 3.01 Policy Purpose

- (a) The Village acknowledges that certain costs incurred on an annual basis reflect an investment in the future of the Village. These types of costs include development, acquisition, and replacement of assets that will be used by the residents of the Village over a long period of time. Financing of these long-term assets is often appropriately accomplished through the issuance of long-term debt instruments, special assessments, or any other combination of these.
- (b) It is the responsibility of the Village Board and Village administrative staff to monitor the financial health of the Village. A significant portion of the Village's financial health is determined by its ability to manage its debt, so the role of debt in the Village's total financial strategy must be carefully defined in order to avoid using debt in a way that weakens other parts of its financial structure. It is the responsibility of the Village Administrator ~~or designee and Clerk/Treasurer~~ to regularly monitor the Village's outstanding debt and to recommend issuance, replacement and retirement of outstanding debt to the ~~Finance Committee and the~~ Village Board.

SECTION 3.02 Policy Implementation Objectives

- (a) **Financing Considerations.**
 - (1) The Village will confine long-term borrowing to capital improvements, equipment, or other long-term projects which cannot and, appropriately should not, be financed from current annual operating revenues.
 - (2) The Village will not use long-term debt to finance ~~current ongoing~~ operations ~~or to finance a capital asset beyond its reasonable useful life, nor will long-term debt be used to finance the cost of short lived (less than five years) depreciable assets (for example, vehicles).~~
 - (3) In general, the final maturity of bonds and notes issued by the Village should not exceed the expected useful life of the underlying project for which it is being issued.
 - (4) The Village will issue general obligation debt by borrowing from the State Trust Fund or through a competitive bidding process or negotiated sale, depending upon which approach is deemed most advantageous to the Village.

(5) Periodic reviews of outstanding debt will be undertaken by the Village Administrator or designee and Clerk/Treasurer at least every two years to determine refinancing opportunities. Refinancing will be considered (within federal tax law constraints) if and when there is a net economic benefit of the refunding.

(b) **Debt Limits and Structure.**

(1) Section 67.03 of Wisconsin Statutes and Article XI, §3(2) of the Wisconsin Constitution require that general obligation debt outstanding not exceed 5% of the equalized valuation of the taxable property within the Village. Revenue bonds and notes are not considered debt for purposes of determining compliance with constitutional debt limitations. The Village intends to keep total outstanding general obligations debt supported by the tax levy within 2.5% 3.33% of the equalized valuation ~~unless otherwise authorized by the Village Board~~. Debt levels should further be consistent with the Village's credit objectives and long-term financial plan.

Commented [MS1]: Brings utilization back to the 50% standard and removes discretion for the Village Board.

Commented [MS2R1]: Total debt utilization according to the audit for 2024 was 55% (which includes other non-tax levy supported funds). 2025 is projected at 52% and then 49% in 2026.

Commented [MS3R1]: How do we want to measure this? Audit? CIP? Rolling average? This limit is self imposed so we have discretion in how we monitor and then adjust when out of compliance. Some of the variables are also out of our control too, so there should be some flexibility.

(2) The Village will keep the maturity of all outstanding general obligation bonds at or below 20 years unless otherwise allowed by Wisconsin State Statutes ~~and authorized by the Village Board~~.

(3) The total annual debt service expense for general obligation debt supported by the tax levy (exclusive of that funded by proprietary operations) should not exceed 50% 25% of the Village's total tax levy supported operating expenses less capital outlay, ~~unless otherwise authorized by the Village Board~~. The Village will make every effort realistic and reasonable to maintain debt service expenditures at a proportionately even level for tax rate stabilization.

Commented [MS4]: The challenge with this metric is that funding debt service is exempt from the tax levy and the allowance for debt utilization exceeds this threshold creating a double negative of sorts.

Total budgeted operating expense in 2025 is \$10,932,750 for all tax levy supported funds. Total budgeted debt service expense within that is \$4,710,500 which yields a percentage of 43%.

If we seek to limit total debt utilization at 50% but create a lower threshold here while the other operating expenses are not able to grow then the requirement defeats your ability to follow the other standard. Other alternative would be to remove it and strictly follow the debt utilization. What's proposed here is to follow the same threshold as debt utilization allowing you to monitor how much debt you use by the above standard while then comparing that against your overall revenues within this standard.

(c) **Municipal Advisor.**

(1) The Village will utilize the services of a qualified Municipal Securities Rulemaking Board (MSRB) Registered Municipal Advisor ("Municipal Advisor") that meets all current certification requirements in the monitoring of its debt and debt service.

(2) The Village should strive to maintain a long-term relationship with a Municipal Advisor to allow for continuity and consistency in services provided by the advisor. However, the arrangement between the Municipal Advisor and the Village should be examined every five (5) years or as deemed necessary by Village administrative staff and the Village Board.

- (3) All feasible alternatives (for example, State Trust Fund loans, Clean Water Fund loans, and private placements with local financial institutions) for borrowing funds should be considered by the Village and the Municipal Advisor depending on the uniqueness of the items or projects being financed by long-term debt.
- (4) All costs of issuing long-term debt, including fees for professional services, underwriting fees, and the interest costs over the term of the debt issue, must be considered and carefully evaluated for each borrowing.
- (5) The Village will work with the Municipal Advisor to ensure that long-term debt issues are structured to protect the interest of the Village for the present and in the future (for example, the inclusion of call provisions to protect the Village against future interest rate fluctuations or other circumstances).

(d) **Other Considerations.**

- (1) The maintenance of the best possible credit rating shall be a significant factor in all financial decisions.
- (2) The Village will maintain good communications with bond rating agencies regarding its financial condition.
- (3) The Village will follow a policy of full disclosure in all financial reporting including bond prospectuses and continuing disclosure agreements required under SEC Rule 15c2-12(b)(5).

Adopted: October 10, 2011

Amended: July 8, 2019
March 23, 2020
XXXX XX, 2025


VILLAGE OF
McFarland
SUMMARY SHEET

MEETING DATE: Thursday, August 21, 2025

SECTION: Business

DEPARTMENT: Administration

CONTACT: Matt Schuenke, Village Administrator, Cassandra Suettinger, Deputy Administrator/Clerk

AGENDA ITEM: Discussion regarding the creation of an ordinance requiring a referendum vote of the electors before certain public construction projects can be commenced.

PREVIOUS ACTION:

At the August 27, 2024 meeting, the Village Board reviewed and approved a referral request from Trustee Brassington on this matter to be discussed further within this Committee of the Whole meeting.

The Committee of the Whole considered the referral request at its meeting on September 10, 2024.

At the January 28, 2025 meeting, the Village Board took action to make a referral of this issue to the Finance Committee for them to review and make a recommendation.

The Finance Committee met on February 20, 2025 to review the referral request.

The Finance Committee met on March 20, 2025 to review the referral request.

The Finance Committee met on June 24, 2025 to review the referral request.

ISSUE SUMMARY:

The following information was provided at the March 20th Finance Committee meet to further review and discuss the impact of the referendum requirement. It was requested to share this information as two Committee members are new, and discuss next steps to continue to address this item.

The Village previously had enacted an ordinance requiring a referendum for capital projects. This was changed over the years to alter the amounts, create conditions, and establish exemptions as applicable. At our previous meeting we reviewed the historical ordinances that had been in place previously and discussed the implications of our debt utilization through a presentation provided by one of the Committee members. This issue as to whether or not these standards should be enacted was referred to the Village Board for the Committee to review and provide a recommendation. Summary background from that meeting is presented later in this memo.



One of the discussion points from that meeting was trying to understand the historical impact of these ordinances, policies, and projects against our need for debt. Enclosed is a brief analysis looking at our debt utilization against the various limits. This data was extracted from our annual audit from 1998 through 2023. The 2024 Audit is being drafted and will be finalized in May. The data then from 2025 through 2033 is taken from the 2024-2028 CIP to offer a future perspective of the impact of future projects that are planned but not approved. The range is provided to how the Village's debt evolved from before the current Municipal Center was built to the Library, Public Safety Center, and planned improvement of the Community Center. Various ordinance and policy adoptions are noted within the spreadsheet as well. We will review this further in the meeting and also the included graphs provided for visual understanding of the data.

Looking at the debt utilization percentage column, a few thoughts:

- As of our December 31, 2024 audit, our Debt Utilization was at 55% which was up slightly from 53% the previous year.
- Previous 5 year Average was 46%.
- Previous 10 year Average was 37%.
- Overall historical Average was 37%.
- Looking ahead, the next 5 year average is projected at 51% as well for the next 10 years.

FINANCIAL/BUDGET IMPACT:

Discussion of this referral and consideration for this ordinance have minimal costs as the Village Board weights the policy implications of these standards.

Implementation of the ordinance will have fiscal implications both on the capital planning of our projects and thinking of how various projects could come forward as well as their timing within the design process. There are also operational considerations for the inclusion of steps in the process to develop a project with these standards in place that are not insurmountable, but part of the process when considering policy matters such as these. We can discuss these in the meeting.

VILLAGE PLAN REFERENCE:

ORDINANCE REFERENCE:

The Village had previously had a few different variations of these requirements within its code dating back several years before it was later removed entirely. Within that discussion, Trustee Peña provided some ideas via a presentation regarding how we could address the referendum question in relation to our debt limit. Chapter 3 of our Fiscal Policy Manual addresses debt limitations as guidelines to follow which are different from what enacting an ordinance would require. The board recently approved a referral of the question to Committee for review and recommendation with this meeting beginning that discussion.

As mentioned, the ordinance requirements have been around in a few different versions. Each version is included in the packet and summarized as follows (versions noted by year):



- **2005** - Original adoption and required a referendum for any project in excess of \$1 million. There were no exceptions.
- **2014** - This was the first amendment to the original adoption where the standard was increased to \$1.25 million while creating some exceptions for streets, utilities, and annual adjustment for inflation.
- **2018** - The second amendment changed calculation of the threshold to follow value of the Village based on a comparable example. It stated the new threshold would be 1% of equalized value which as of 2024 that would amount to a new threshold of approximately \$17 million. Additional exceptions were added to the existing list including TID projects, Federal/State/County required projects, projects shared with another unit of government, public safety related, and to address emergencies. Subsection (c) added clarity also to how the threshold is applied within the projects to be considered.
- **2022** - Finally, the requirements in place since 2018 were removed in their entirety.

There is no requirement for municipalities to have a referendum requirement for capital projects. The only limit we face is that we cannot borrow more than 5% of our equalized value (~\$85 million). The range seen above between 2005 to 2022 is the very strict standard to no standard applied with the two versions in between offering different amounts of flexibility. The 2018 version offered the most definition to date to the process while offering flexibility on the amount for the board to manage. The only project that would have required a referendum under the last version of this code would have been the Public Safety Center; however, it was specifically exempted based on its use. This requirement is not common in local government. There are a few examples in Sussex, Delafield, and Elm Grove we can look at but the vast supermajority of the State municipalities do not have this requirement.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

The first item is presented for discussion only related to the ordinance. No action is needed on this item.

ATTACHMENTS:

None