

Village of Birchwood
101 N. Main Street
PO Box 6
Birchwood, WI 54817



Ashley Beffa
ashley@birchwoodvillagewi.com
Phone: 715-354-3300
Fax: 715-354-7500

The **Budget Hearing** of the Village of Birchwood
on **Tuesday, December 7th, 2021, 2021 at 5:30 p.m.**
at the **Birchwood Village Hall, 101 N Main St, Birchwood, WI 54817**

Village President call meeting to order - Meeting will be recorded

Pledge of Allegiance

Roll call by Clerk (Present: R. Vangilder (attending via Zoom), P. Parkos, B. Milligan, and M. Manning. Absent: J. Depoister)

Public Notice: Posted at the Birchwood Post Office, Village Hall, Gary's Grocery, Village Website, and Rice Lake Chronotype.

Correspondence - None

Minutes – Zoom Available

Discussion/Action Items

Approval of Agenda – correction of #3, cross off workers compensation and replace that with PTO.
Motion to accept with the change from compensation to PTO by Milligan, seconded by Manning.

1. Motion to go into closed session by Manning, seconded by Parkos. Roll call: Vangilder, Parkos, Milligan, and Manning.
 - a. *Discussion of year end paid time off. Clerk presented year end totals of PTO. Sick leave for employees accumulated 1 day every 2 months and police accumulates 1 day per month. Ron strand will be over by .25, policy caps him at 160. Brunclik present in closed session. Policy on vacation does not specify any caps or takeaway. Board to decide to payout or roll over. Village does not appear to have funds available this year to payout. Only PTO required to payout if employment were to end is comp and vacation hours. Brunclik stated that being the only officers that there is no one who can cover him if he takes a sick day therefore it can be challenging to use up his time. Board had no problem with his sick leave balance. Manning motion to approve it to roll over, seconded by Parkos. Carried 4-0*
2. Motion to go back into open session by Manning, seconded by Milligan. Carried 4-0. Clerk called citizens back into meeting.
3. Motion to approve what was decided in closed session by Manning, seconded by Milligan.
4. Discussion and action of the amendment of levy approved on October 7, 2021
 - a. Treasurer presentation on 2022 Levy and the benefits to increasing .
 - b. October 7th board approved levy without increase. There was questioning by accountant on why the board did not increase levy. Clerk/treasurer's understanding was that board did not want to increase taxes.

The meeting is open to the public and is handicapped accessible.

Agendas are posted in three public places which are the Village Hall, Gary's Grocery and Birchwood United States Postal Service Office notice boards, and on the village website www.birchwoodvillagewi.com to comply with Resolution 175-15.



- c. Treasurer contacted Nicole at Washburn County to get a better understanding of mill rates. Mill rates for villages and cities are typically higher than towns because they offer different services such as streets, sidewalks, and so on. Birchwood did not levy last year. School levy was lower than Shell Lake and Spooner but higher than Minong. Birchwood School had done their referendum last year. Our mill rate is .006, Minong is .007, Spooner .010, and Shell Lake .006. Overall mill rate the Village of Birchwood is a municipality is lowest of all cities and villages in Washburn County.
- d. TID certification, property taxes determine the tax increment and factors into all this. Auditor says this information is found in our Financial Statements which is also known as our audit. Tax Incremental Districts, page 37, shows TID 2 (accumulated project costs and revenues) has a deficit in fund balance.
- e. Debt service are our long-term obligations, page 34, shows the promissory notes we have. Balloon payments come up for renewal in 2025. Suggests plan now for 2025 because village has 3 years to pay down the deficit. Only two years to paydown that debt using property tax revenue. Sale from East Hills property must be used to pay down the debt in TID 2. \$43,409 only pays the principal and interest payment but does not address the deficit. General funds are covering the shortfall for now. Could go up or down depending on cash in the TID.
- f. Accountant informed clerk/treasurer that this amount will continue to go up if the Village does not increase principal and interest on longer term debt. Potentially the fund balance will not get repaid. The general obligation debt will have to pay for that. What does that really mean; if the village does nothing now or doesn't get this paid down it will be a write off. Write off means the fund balance would be significantly and permanently impacted which makes the village an ongoing concern because we have negative equity. To clerk/treasurers understanding in research that the village has to do something this year or have a plan for next 3 years to get us out of this debt. Most logical solution.
- g. If you do the max levy on \$100,000 home, would be a one-time increase of \$110 on tax bill and would go back down once that debt has been paid off.
- h. Zillmer comments she was glad to hear the discussion now but wanted board to wait until public comment on the budget then make the decision on levy when having regular meeting.
- i. Beffa explained that \$75,626 was not going to pay off the \$92,673 deficit but would pay it down. If the properties in the East Hills sell that will pay down the debt plus tax revenue would all pay down that debt. Questioned, when 2025 comes what is that \$92,673 going to look like?
- j. Vangilder comments every year this amount goes up if we don't pay it. 2025 is going to be here before we know it.
- k. Zillmer comments that the \$75,626 is not a onetime increase because it does not pay off the \$92,673. Alternative, although balloon payment in 2025, is when doing the refinancing is to pay back the village. Then roll over existing debt to outside source. TID owes the village and the bank. So, when refinancing, if possible, to make sure it pays

The meeting is open to the public and is handicapped accessible.

Agendas are posted in three public places which are the Village Hall, Gary's Grocery and Birchwood United States Postal Service Office notice boards, and on the village website www.birchwoodvillagewi.com to comply with Resolution 175-15.



back the Village. Educate, that in the future, we are going to have this increase and are planning for it opposed to explain why a big jump.

- l. Manning commented that if we don't sell any properties that the village will still have to accommodate for it.
- m. Public input by Zillmer commented on her previously sitting in the public seat asking the board to have never create TID 2 to begin with because this is what would happen, the situation with Indianhead Community Action Agency, sent us all an email on the sale of the duplexes, questioned if the Village has attempted to collect the back years of in lieu of taxes with Indianhead getting all this cash flow from the sale of the real estate because that money would also go towards our TID debt. Questioned what that amount is.
- n. Beffa responded meeting minutes show there was an agreement to payment in lieu of taxes leading up to the sale. At the finalizing of the sale there are not closing documents filed with the county including this agreement.
- o. Public input by Zillmer on the payments previously made by ICAA and the amount calculated by the Village in which is still owe. Agreement or not, they still owe the village this unpaid amount. Now that they are collecting money from selling these properties feels they should do the right thing by paying back the community that incurred the debt. Primarily the TID was created for affordable housing. Before raising her taxes wants to see the Village collect from Indianhead first.
- p. Beffa responded that the Village did reach out and received letter that they were experiencing financial hardship before the potential sale of property and was not required to make payments in lieu of taxes.
- q. Vangilder commented that even recouping payment in lieu of taxes and with raising costs, it still won't pay the deficit. Feels if village is going to put a tax increase in, which has not been done in a while, this is the time to do it and thinks to put the \$75,626 on taxes this year.
- r. Manning comments that just because everything is going up doesn't make it right.
- s. Vangilder would like to have the deficit paid off by 2025.
- t. Public input by Zillmer on refinancing now with favorable rates verses waiting for the balloon payment. To set everything straight going forward.
- u. Vangilder raises concern that every year shortfall continues to add to the deficit.
- v. Parkos feels village needs to raise it.
- w. Milligan hates to raise it but feels that is what is being looked at.
- x. Manning commented that village doesn't need to raise the full amount either. This is where the accountant was saying there was a 17% increase. Not really because that full amount, year-end is really only 8.63% increase.
- y. Beffa questioned if village refinanced would there be negative equity. Would we be able to refinance it especially with the history.
- z. Vangilder feels we would put ourselves in a worst position by refinancing with negative equity.
- aa. Beffa reminds board that TID 2 is already in distress.
- bb. Vangilder is hopeful to sell some of the properties to pay down that debt.

The meeting is open to the public and is handicapped accessible.

Agendas are posted in three public places which are the Village Hall, Gary's Grocery and Birchwood United States Postal Service Office notice boards, and on the village website www.birchwoodvillagewi.com to comply with Resolution 175-15.



- cc. Beffa comments if village does go legal route but then look at cost of attorney fees. How much will come out in the end.
 - dd. Manning comments that board can't base decision on what they are going to do now because until attorney looks at it really don't know. It's a gamble
 - ee. Vangilder doesn't want to bank on it.
 - ff. Public input by Zillmer referenced news article that they were not experiencing financial hardship. Public pressure on paying it because it won't look good for them. Can't see increasing before doing this option first.
 - gg. Vangilder feels need to both.
 - hh. Beffa restates it's one time increase until the debt is paid.
 - ii. Milligan feels the board is in bad spot and has a hard decision to make. Not sure how village got here. Have to something to fix it. Want to make decision today that is going to establish the village for a long time. Don't want to make decisions today that are going to hinder our ability to do things in the future. Thinks all agree to do that want to put the village in a good standing point to grow and do go in the future. Agrees with Rocky and Paul that thinks have to do this tax but agrees if village can get it paid off quicker than won't have to do as long. Doesn't like the idea of raising taxes but likes it less having the end result be if we don't.
 - jj. Vangilder comments this will happen again next year if taxes are not raised.
 - kk. Vangilder makes motion to increase levy for 2022 to maximum amount of \$75,626, seconded by Milligan. Carried 3-1.
5. Public Comments on 2022 Budget
- a. Public input by Zillmer. Thinks still needs to act on the actual levy because of the change because of what was published on November 3rd then November 24th said debt levy \$43,409 and no increase in taxes. Just changed that and anyone who looked at public notice was going to think I don't need to go that hearing because my taxes aren't going to be raised. Now if changing mind in public hearing that is misleading to the public.
 - b. Connection was lost with Vangilder via Zoom. Beffa called and placed on speaker phone while fixing issue. TID is a separate budget and accountant did not feel this affected the public notice.
 - c. Zillmer felt there was a lot of work that went into the budget and was posted twice. Can change the levy but is a significant increase when there are alternative options.
 - d. Milligan and Manning questioned if the notice was misleading. Felt it was.
 - e. Beffa informs board they can approve the budget the way it is without the increase and then come back and amend the budget.
 - f. Milligan feels may need to do this a little different.
 - g. Manning understands everyone has the opportunity to be here and voice opinion.
 - h. Zillmer asked Beffa if she knew what the refinance rates are.
 - i. Beffa expressed that village would need to prepare a TID budget and are still needing to prepare water and sewer. Takes a lot of financial planning before refinancing and is not something that can be decided on tonight. Reason going to do monthly meetings to address these issues going forward. Asked how they board would like to proceed.

The meeting is open to the public and is handicapped accessible.

Village of Birchwood
101 N. Main Street
PO Box 6
Birchwood, WI 54817



Ashley Beffa
ashley@birchwoodvillagewi.com
Phone: 715-354-3300
Fax: 715-354-7500

- j. Milligan was not saying to not increase levy but was worried about the wording of the notice. Doesn't want to lack the trust of the public.
 - k. Beffa informed the board that if they table this that we would not be able to meet statutory deadlines for printing tax bills due to publication timeframe. Have to approve the budget with or without the levy increase tonight.
 - l. Zillmer if it had been published then will need to explain the 17%. Does it include the ARPA funding.
 - m. Beffa states that it is in the general budget but has an offset so it's not being used in the general funds.
 - n. Zillmer feels village could use ARPA funds to offset some of the cost for qualified expenses.
 - o. Manning asked any further public comments. None.
6. Motion to approve 2022 budget for the amount of \$627,810.88 including the levy increase of \$75,626, by Vangilder, second by Parkos. Carried 3-1.
 7. Motion to adjournment by Milligan and seconded by Parkos. Carried 4-0.

1:12

Join Zoom Meeting

<https://us06web.zoom.us/j/85091370895?pwd=Q0hLRlFUWDUwaEIKTEtKcDJMSHBKdz09>

Meeting ID: 850 9137 0895

Passcode: 800762

The meeting is open to the public and is handicapped accessible.

Agendas are posted in three public places which are the Village Hall, Gary's Grocery and Birchwood United States Postal Service Office notice boards, and on the village website www.birchwoodvillagewi.com to comply with Resolution 175-15.