

**TOWN MEETING:**

**July 17, 2018**

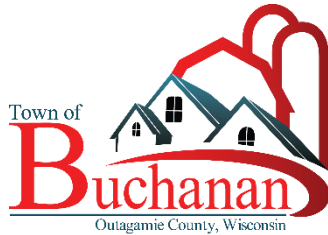
**AGENDA ITEM #: 12f**

**ACTION TYPE:**

**Legislative**

**(For Discussion and Possible Action)**

*"In the Spirit of Town Government"*



## **AGENDA MEMORANDUM**

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**To:** Honorable Town Chairperson and Town Supervisors  
**From:** Tony Brown, Administrator  
**Date:** July 17, 2018  
**RE:** **CIP Project Financing Approach – Referendum Exception Option Review**

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**SUMMARY:** At the June Town Board meeting the Board and Staff discussed the five (5) year (2019-2023) budget forecast for the Town. As outlined in the memo and presentation for the item in the out years of the forecast the Town will experience an annual budget gap. The projected trend can be changed by making sustainable changes. One topic discussed was infrastructure projects and funding mechanisms for them.

If the Town continues to borrow funds, as identified in the 2018-2022 Capital Improvement Plan (CIP), the Town will violate Section No. 4, General Guidelines, of the Town of Buchanan Debt Policy, which states, "Total annual debt service payments on tax-supported debt of the Town will not exceed 25% of total general government operating revenues." After reviewing debt service as a percentage of operating revenue the Town will not be in compliance with this provision in 2022 and would not be again until 2025. This means a larger percentage of the funding the Town receives will be consumed by debt service payments and potentially affect other Town services.

With this as a possible outcome, the Town Board has been proactive in identifying other funding options for capital projects to mitigate the Debt Policy violation and detrimentally impacting Town services. A host of options have been discussed. The most viable ones are: 1) special assessments; and/or 2) a referendum. These are the only two tools available to raise the necessary funding to continue addressing deferred infrastructure maintenance.

The Town Board has reviewed a DRAFT of a modified Special Assessment Policy. During those discussions, there was some interest in exploring a referendum for the exclusive purpose of paying for road improvement projects. As such, Staff has provided the following documents for review and discussion:

- A copy of Wisconsin Statute 66.0602(4) Referendum Exception.
  - A summary of the referendum exception requirements. At a high level, this goes over the steps required to exercise a referendum exception.
  - A timeline to exercise the referendum exception option. This outline goes over the tasks/events that need to occur from July 17<sup>th</sup> through November 13<sup>th</sup>.
  - A draft of referendum wording language to exceed the State Levy Limits for the exclusive purpose of paying for road improvement projects. This language is consistent with what is required by Wis. Stat. 66.0602(4)(c).
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- A draft resolution to exercise the referendum exception option. The passage of a resolution by the governing body expressing support of a levy increase to exercise the referendum exception is required by Wis. Stat. 66.0602(4)(a).

During this discussion the Board needs to be fully in agreement and committed to exercising this option for funding CIP projects. Similar to the existing Road Maintenance Levy these funds would only be used road improvement projects in the Town of Buchanan.

Note: If the referendum is supported at the Board level and is passed through a direct vote of the electorate at the November 8, 2018 2019 Budget Hearing and Special Town Meeting the electors would be required to approve the Town’s total levy including any increased amount approved through a referendum.

**POLICY/PLAN REFERENCE(S):**

- **2018-2022 Town of Buchanan Capital Improvement Plan (CIP)**
- **Town of Buchanan Budget and Financial Policies**

**FISCAL IMPACT:**

Is there a fiscal impact? Yes  
 Is it currently budgeted or planned? No  
 Amount: TBD

**RECOMMENDED ACTION:** Staff recommends the Town Board have Staff identify the referendum amount for the August Town Board meeting.

**“Motion to have Staff identify referendum amount for discussion at the August Town Board meeting.”**

**If the Board agrees with the recommendation at the August 21<sup>st</sup> Town Board meeting, Staff will come back with the following:**

- **Financial Impacts –**
  - Referendum dollar amount – This amount will be determined once equalized values and net new construction numbers are released by the Wisconsin Department of Revenue. Staff will provide a range of amounts to better understand how the funding impacts future budget years. Also, the projections will assume the projects in the 2019-2023 CIP are completed. In addition, other assumptions will be made. Those will be outlined at the Board meeting to ensure there is a common understanding.
  - Residential Impacts – While presenting a range of amounts for the referendum residential property Town tax bill impacts will be identified for illustrative purposes.

**ACTION: Staff will recommend a referendum dollar amount. The Town Board needs to agree on a referendum amount.**

- **Referendum Question and Explanation –** The draft question presented this month will be modified based on Board feedback. Then, in August the Town Board would need to adopt the referendum question and explanation. If adopted, this would meet the August 28, 2018 deadline for the Town Clerk to receive the referendum question for the election ballot.

**ACTION: Adoption of Referendum Question and Explanation**

- **Resolution No. 2018-10** Resolution of The Town Board Exercising the Referendum Exception Option to Exceed the State Levy Limits for the Exclusive Purpose of Funding Road Improvement Projects – To be allowed to exercise the referendum exception option the passage of this resolution is required under Wis. Stat. 66.0602(4)(a). To meet the August 29, 2018 deadline, Staff would immediately forward a copy of the resolution and the referendum question to the Outagamie Clerk’s Office to be filed.

**ACTION: Adoption of Resolution 2018-10**

AWB

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**Attachments:**

**Wisconsin Statute 66.0602(4) Referendum Exception**

**2018 Referendum Requirements**

**2018 Referendum Timeline**

**2018 Referendum Question DRAFT**

**2018-10 Resolution Exercising Referendum Option DRAFT**

**M-2019 Five-Year Budget Forecast**