

## **JULY 30, 2019, AD HOC COMMITTEE MEETING MINUTES**

4 p.m. Council Chamber. Members present: S. Berg, B. Groothousen, M. Hraban, J. Olson. Absent: M. Platteter. Others present: A. Christianson 1 and 2, B. Elmann, K. Gorseger, A. Kenyon, D. Parker, J. Pohlman.

### **Call to Order:**

Chair Hraban called the meeting to order and presided.

### **Draft Report:**

City Adm. Christianson reviewed a draft report he prepared indicating committee membership, dates meetings were held, and information considered.

City officials noted several components of the City's current financial challenges including but not limited to the following. They concurred that they are unsure how the City can catch up on street work.

- Streets built to current standards are generally felt to have a useful life of 30-40 years before they need replacing. It is hoped that materials now used may extend them longer but that is, as yet, uncertain. Only time will tell.

- The City has 33 miles of street and, if we accept for simplicity's sake that they last 33 years (within range), then the City would need to rebuild one mile each year. A mile contains 12 typical city blocks. The cost to rebuild one block is about \$200,000, meaning \$2,400,000 would be needed annually. In 2019, the City budgeted \$500,000 toward projects presently underway, with \$300,000 of that to be borrowed.

- Although this year's project on Fritz and Worden are about one mile and will cost about \$2,000,000, the City is fortunate to receive both a \$500,000 Community Development Block Grant and so-called "principal forgiveness" of about \$500,000 more on DNR CWF and SDWLP loans. The City has not rebuilt that large an amount in memory, nor has it received that much assistance in memory. The City will, as it has, continue to seek all such assistance as is available, but it cannot be counted on. CDBG assistance can only be applied for once every two years. Application will be made in 2020 for monies that probably won't be approved, if at all, until late 2020, meaning the resultant project will be done in 2021.

- Some years back the City went 8 consecutive years without rebuilding any streets, which lull the City doesn't know how it can recover from. The reason was not to burden taxpayers with higher taxes. In that span of time oil prices went up many times and blacktop prices likewise.

- At the time tax levy limits were imposed on the City it assumed that would be temporary so did not do what many others did, which was to artificially inflate their budgets so the "freeze" would be at an amount more than they really needed. So, contrary to public opinion, Ladysmith has cut back for over a decade.

- If the City has to borrow 100% of the monies needed to do a \$2 million project each year it would hit its legal debt capacity in a mere 3-4 years, eliminating the ability to do much for quite some time after, until this debt had been paid down sufficiently. In the meantime, how would the City replace a fire truck or a key piece of public works equipment if it needed to?

### **Look Back:**

Mr. Hraban, who had chaired the City's Finance Committee and so overseen budget development for several years reviewed financial challenges the City has faced and now faces. They are considerable.

**New Ideas:**

While not a new idea, there was discussion of what is involved in conducting a public referendum on a subject such as raising real estate taxes to pay for more road reconstruction. Atty. Kenyon reviewed this process, how referendum questions need to be phrased, and other pertinent factors.

Mr. Groothusen provided a few ideas, but had to leave early. After he left some expressed interest in seeing those ideas on paper.

**Adjourn:**

The meeting adjourned.