

**APRIL 26, 2021 FINANCE COMMITTEE MEETING MINUTES  
CITY OF EDGERTON**

Candy Davis called the meeting to order at 6:14 p.m.

Present: Sarah Braun, Candy Davis, and Tim Shaw.

Others Present: City Administrator Ramona Flanigan, Mayor Christopher Lund, and Alderperson Casey Langan.

City Administrator Ramona Flanigan confirmed the meeting agendas were properly posted on Friday, April 23, 2021 at the Post Office, Edgerton Library and City Hall.

**WORKING SESSION TO DEVELOP DONATION POLICY:** City Administrator Ramona Flanigan stated the donation policy has been in the works for quite some time but never was completed. She reviewed policy decisions that the Committee may wish to weigh in on.

The policy covers the following major items:

1. The Council has the flexibility of determining whether to accept or decline any proposed gift or donation. One of the most common items the Council may not want to accept are high maintenance cost items.
2. What is the acceptable lifespan of the donation? Do you replace items that are worn out, damaged or destroyed?
3. What threshold, if any, should be set for who can accept a donation. The draft sets a value of \$1,500 in a major/minor donation. This was based on the price of park benches and trees that are below \$1,500. Minor donations may be approved administratively without Council approval. Major donations and naming rights would require Council approval.
4. Council would have the approval authority for donations with specific designations or conditions.
5. Council would have the approval authority on real property donations.
6. Naming rights guidelines for parks or other items are included in the policy.

Tim Shaw asked how would a donated object's value be determined. Ramona Flanigan stated some items can be determined such as a tree. Something like an art object would have to be determined by the donor's estimation of the value. He felt the \$1,500 threshold is good.

Ramona Flanigan stated there aren't a lot of donations that exceed \$1,500. Given the number of trees being donated and benches, she did not want to delay the donation by having to take it to Council.

The Committee was in agreement with the policies in the document and asked that it be moved on to Council for approval.

**WORKING SESSION TO DEVELOP AFFORDABLE HOUSING PROGRAM:** Once the Committee is satisfied with the policy decisions in the affordable housing program, a policy program document will be drafted and approved by the Council.

Ramona Flanigan stated she contacted the assessor to find out how many homes fall at or below the average \$207,968 assessed value of a home in Edgerton. There are 1,035 single family and condo units (57%) that would be eligible for the program if the average assessed value is used. The Committee members felt this threshold is a good starting point.

Ramona Flanigan asked if someone would be allowed the ability to present an appraisal done within 2 years to show that the assessed value is too high and they should be allowed to participate in the program. Due to the current market fluctuation and timing issue, the Committee decided to only use the assessed value for determining qualifications in the program.

Ramona Flanigan asked what dollar threshold should be used to determine a grant and/or loan value? Someone at the last meeting suggested a grant be offered first and then, at a given dollar amount, it becomes a loan. She stated this eliminates the need to have the costly loan evaluation costs on smaller projects.

Sarah Braun supported offering the grant component to every applicant to keep things fair.

Ramona Flanigan stated the 25% grant, 75% property owner cost along with 50% loan, 50% property owner cost is shown in the example. The Committee can set the percentages and maximum grant and loan dollars.

Tim Shaw stated he likes the numbers proposed. The grant funding gives a good incentive to participate in the program but leaves adequate funds for the loans that can be recycled back into the program when a loan is repaid. Sarah Braun agreed, she wants to see the program continue.

Ramona Flanigan stated Focus on Energy provides energy efficiency grants for items like solar energy and insulation (not windows). It appears they are not particular where the homeowner's share of the matching grant money comes from so the City's program could offer assistance in conjunction with Focus on Energy.

Casey Langan stated he had worked for Focus on Energy. He hopes that they may use Edgerton as a pilot and market both programs. Focus on Energy also works with the trade contractors to get them on board to schedule work.

The Committee supported the joint grant incentives and were comfortable with homeowners benefiting from both programs. Staff will look further into the Focus on Energy programs.

The minimum loan amount was set at \$10,000 with a maximum loan amount set at \$50,000. The grant maximum amount was set at \$2,500 with homeowner's paying 75% of the project costs.

The beginning interest rate was agreed to be 2%. Candy Davis asked if we find this is too high of an interest rate, could it be changed? Ramona Flanigan stated it could change but there should be a limit on when a change goes into effect once loans have already been issued, payments have been made, and how/if these would be affected. The Committee agreed on the 2%.

The types of projects that are eligible were discussed. Flanigan recommended maintenance type items like siding, roofing and furnaces not be included because they do not improve the housing stock, they are more maintenance items.

Tim Shaw asked about secondary structures. Ramona Flanigan stated these would be only garages and a lower priority than a primary structure improvement. A new garage can greatly increase the value of a property and is a higher priority than a deck or patio.

The loan analysis was discussed. The City's current housing program consultant, MSA is willing to administer this program. The estimated cost to administer a loan is \$350 - \$500. Because the process is time consuming, there needs to be an agreed upon payment with MSA for those applicants that never result in a loan.

From the information MSA would gather, they could determine the loan-to-value percentage and the debt-to-income standard. The Committee set the loan-to-value standard at 90% and the debt-to-income standard at 43%.

If the project will increase the value of the property and the applicant cannot meet the loan-to-value criterion, will the committee consider the value increase based on the proposed project? How is the project value amount be determined? Flanigan stated the options of determining the value can be provided by the City Assessor. This will cause a time delay and a need for a large amount of information being exchanged. The other option that is usually used is a value increase of 1/3 of the cost of the project. The Committee agreed to the later, 1/3 the cost of the work.

How long does a homeowner have to remain living in the home to comply with the program? The Committee agreed it must be an owner/occupied property and they must live there one year after the completion of the project. They agreed they would consider reasonable exceptions before applying a penalty. The penalty for not staying in the home was the repayment of the grant money.

Being no other business before the Committee, a Sarah Braun/Tim Shaw motion to adjourn passed on a 3/0 roll call vote.

Cindy Hegglund, City Clerk-Treasurer

Adopted May 3, 2021