

## Mayor's Column for the February 27, 2013 Evansville Review

In early February the League of Wisconsin Municipalities Board of Directors met with the new Majority Leader of the Wisconsin Assembly, Representative Scott Suder. Representative Suder emphasized the need for city and village officials to be more engaged in the legislative process. The League has, in fact, jump-started state advocacy efforts in the last several months.

Nicole Sidoff, Evansville's new Community Development Director, and I recently attended the annual Ehlers and Associates' Public Finance Seminar. There were more than 300 seminar attendees. Ehlers has been Evansville's financial advisor for many years. A substantial portion of the seminar dealt with legislative and fiscal policy.

Participants received an update on implementation of the Dodd Frank Consumer Protection Act of 2010. The Act mandates 235 rulemakings and only 100 new rules have been finalized. One component of the Act is to provide new protections for municipalities as issuers of debt, with municipal advisors having fiduciary responsibilities to the municipalities. The definition of who is a municipal advisor has not been determined. Communities were told to expect service contracts and additional paperwork as Dodd Frank implementation continues.

There was discussion of the impacts to local governments of capping or repealing the federal tax exemption for municipal bond interest currently being considered in Washington. Any change will increase already high costs of infrastructure projects, reducing the ability of municipalities to improve or maintain infrastructure unless increasing property taxes or user charges. The cost impacts have been estimated to be up to a 2 percent increase. The Evansville Common Council passed Resolution 2012-14 in support of preservation of tax exempt financing last August. The resolution was forwarded to our state and federal legislators.

An overview of current public finance trends was given. Banks in Wisconsin are not seeing new corporate borrowing demand because businesses are still not feeling confident. In 2012, more than 50% of bond issue dollars were for refundings. Available money is not being put to work. The result is that interest rates are low for local governments with the ability to issue bonds.

There were sessions on basics of debt issuance, the bond rating process, and tax incremental financing. One message was that communities should continue to be proactive in promoting growth, but also recognize and understand the risks and realities of the market.

A popular session was a panel discussion by three Wisconsin developers that identified differences in greenfield commercial, rehabilitation, and new multi-family projects in the current economy. Some comments from the panel are:

- Big box development has really pulled back in the U.S.

- In greenfield commercial development, municipal debt should be used only for infrastructure; project risk is for the developer.
- Apartments are the darlings of today's market, with surging boomer and echo boomer demand.

A session on fiduciary responsibility described fiduciary duty as a legal relationship between two or more parties, characterized by trust and confidence, with the fiduciary acting for and on behalf of another person(s). Local elected officials have a fiduciary responsibility to constituents. Auditors and municipal advisors have fiduciary responsibility to local governments.

Ehlers suggests that municipalities include language in their investment policies stating that officials have a legal duty to invest according to the "prudent investor" standard, which generally requires public officials to make investment decisions with care, skill, prudence, and diligence. They further suggest language stating that preservation of capital is the primary objective of such investments, while liquidity and return are the second and third objectives, respectively. The Common Council adopted an investment policy with similar language in September 2012.

Two sessions on development agreements focused on fiduciary responsibility, collateralization, and market adaptation. Curt Wytinski, Assistant Director of the League of Wisconsin Municipalities, outlined the 2013-2014 Legislative Agenda in another presentation. I have written about League priorities in past columns.

Todd Berry, President of the Wisconsin Taxpayers Alliance, entitled his presentation "Between a rock & a hard place: Context for Wisconsin government decision makers in an era of fiscal and political dysfunction here and in D.C." Berry sees red flags. First, Wisconsin's aging population negatively impacts job growth. We need to keep our young, often entrepreneurial, adults working in Wisconsin. Second, we in Wisconsin engage in the "cycle of stupid," digging a hole, filling the hole, digging a hole.... An example is the newly proposed biennial budget that does not balance, creating a structural deficit that was just fixed. Third, the Wisconsin Rainy Day Fund is, and has historically been, puny. Building it with our current budget surplus would provide some cushion for future economic dips. Proposed instead is instant gratification in the form of an income tax cut.

The Evansville Common Council takes fiduciary responsibility seriously. We have monitored and managed finances diligently during the bumpy economic ride. We are fiscally strong. Council members understand legislative engagement is essential in the current federal and state political environment. We will continue our commitment to financial and service improvements for our residents and advocacy efforts in the best interest of our community.

Community Announcements

The Cat's Pajamas Vocal Band will perform at the Performing Arts Center at Evansville High School, 640 South Fifth Street, on Saturday, March 2, at 7:30 p.m. They have appeared on Oprah, America's Got Talent and The Sing-Off.

The Evansville FFA 22<sup>nd</sup> Annual Farm Toy Show will be held on Sunday, March 3, from 9 a.m. to 2 p.m. at the Evansville Field House, 401 South Third Street.

The second session of Beginning Genealogy will be presented by Carol Culbertson on Thursday, March 7, from 6 to 7 p.m. at Eager Free Public Library, 39 West Main Street.

Beer Study will be held on Thursday, March 7, from 7 to 9:30 p.m. at Creekside Place, 102 Maple Street.

The Heat Is On, Evansville Community Partnership's annual Chili Cook-Off is scheduled for Saturday evening, March 9, from 6:30 to 9 p.m. at Creekside Place, 102 Maple Street.

We received word last week that the Bird City Wisconsin Review Committee "has unanimously and enthusiastically approved Evansville's recognition as a High Flyer in the Bird City Wisconsin recognition program." Evansville was congratulated "for excelling in a program that now recognizes 60 Wisconsin communities." Be sure and stop by our Bird City exhibit at the Evansville Energy Fair on April 19.

The Evansville Police Department has been awarded a \$4000 grant. Agencies eligible for the grant participated in the Wisconsin Department of Transportation December 2012 Booze and Belts mobilization to reduce traffic crashes. The funds will be used to purchase police equipment.

### Community Thanks

Evansville thanks the Theodore Robinson Intermediate School students that participated in Hoops for Hearts, raising over \$9,000 for the 2013 event. WOW!

Our city appreciates the Evansville Fund Board, volunteers, and many participants who supported the Chocolate Extravaganza fundraiser. The Evansville Fund provides resources to enhance projects and activities that better our community.