Memo

To: Marathon County Board of Supervisors
From: John Robinson – Broadband Task Force Chair
Date: June 7, 2024
Re: Consideration of request for conduit financing to Bug Tussel Wireless in connection with 2021 Broadband expansion project and 2023 Public Service Commission project

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Overview

This memorandum is intended to provide a summary of the partnership between Marathon County and Bug Tussel Wireless LLC, aimed at expanding broadband access to residents and businesses. The partnership involves significant projects funded by a 2021 conduit bond issuance and a Public Service Commission (PSC) funded project known as the Leathercamp project. Ultimately, this overview is intended to provide background and context for the Board of Supervisors in evaluating whether to support requests for additional conduit borrowing to support their efforts in Marathon County.

Bug Tussel Wireless LLC - Who is Bug Tussel?

Bug Tussel Wireless LLC, founded in 2003, is a telecom company wholly owned by Hilbert Communications LLC. The ownership of Hilbert Communications includes Paul Gehl, Steve Schneider, Bob Eddy, and approximately twelve other phone companies and individuals. Bug Tussel specializes in providing broadband and cellular solutions, focusing on rural and underserved areas. The company reported a 2020 revenue of $64 million and a net income of $19 million. Sister companies under Hilbert Communications include Red Tail Tower LLC (construction), Midwest Data Core LLC (switching and routing), Michigan Wireless LLC (spectrum holdings), and Cloud 1 Services LLC (site acquisition).

Key employees at Bug Tussel include:

- **Steve Schneider:** Founder, President, and CEO
- **Jason Wied JD:** Chief Operating Officer and General Counsel
- **Scott Feldt:** Executive Director of Public Affairs
- **Mitch Olson:** Chief Development Officer and General Counsel

Counties Worked With: In addition to Marathon County Bug Tussel has successfully collaborated with several counties in Wisconsin, including Fond du Lac, Green Lake, Kewaunee, Marquette, and Waushara,

Marathon County Projects

Conduit Bond Issuance (2021) In 2021, Marathon County joins four other counties led by Fond du Lac County that led to the issuance of up to $78 million conduit bonds to fund the expansion of broadband infrastructure in partnership with Bug Tussel. The project involves the deployment of fixed wireless broadband, middle mile fiber, and fiber-to-the-premise (FTTP) services. Key components include:

- **Broadband Towers:** Installation of 18 broadband towers.
- **Middle Mile Fiber:** Deployment of approximately 198.33 miles of fiber optic network.
- **Consumer Connectivity:** Connecting approximately 1,920 consumer premises.

The conduit bonding project allowed Bug Tussel to access capital at a lower interest rate. The county agreed to guarantees the repayment of funds in exchange for:

- Marathon County shall receive an annual guaranty fee equal to 40 basis points (0.40%) of the outstanding par amount of the Bonds covered by its County Guaranty, payable on a semi-annual basis on each May 1 and November 1
- Access to 24 strands of dark fiber for Marathon County's use, and
- Access to space on the towers for our use. The Sheriff's Department is installing equipment on a tower near Dancy.

To date Bug Tussel has completed construction of towers and has been laying middle mile fiber to connect the towers. During the work they have experienced an increase in costs associated with the performance of one of their contractors; increased costs associated with construction due to the presence of rack and inflationary pressures for equipment and contractors. This has resulted in their costs going up, which resulted in Bug Tussel requesting additional conduit bonding of $_ million for this project.

Leathercamp Project (Public Service Commission Funded) The Leathercamp project, funded in large part by a $3,000,000 grant from the PSC, aims to deploy 90.7 miles of fiber optic last-mile infrastructure to provide complete coverage in the Town of Knowlton, Village of Kronenwetter, and Town of Guenther., In March 2022 the County Board adopted the resolution committing $142,175 for Bug Tussel as a forgivable loan funded through ARPA. There was a commitment on a loan to Bug Tussel for up to $3,000,000. However, approval of the loan would need to be returned to a future Board meeting for final approval. This project focuses on:

- **Fiber-to-the-Premise (FTTP):** Delivering high-speed internet with symmetrical speeds of up to 1 Gbps to 636 residential locations and 16 business locations, all in underserved or unserved areas.
- **Open Access Network:** Encouraging future expansion and faster deployment of countywide fiber by providing an open network for other providers.
- **Economic Impact:** Enhancing economic opportunities for residents and businesses by improving broadband access, which supports remote work, education, and telehealth services.

Project Impact and Timeline:

- **Impact:** The project aims to provide reliable, high-speed internet access to areas currently lacking sufficient broadband options. This will improve remote work capabilities, educational opportunities, and access to healthcare.
- **Timeline:**
  - **Conduit Bonding Project.** 16 Towers are operational and another 7 are at various stages of construction, lease acquisition or permit approval. 182 miles of conduit have been laid some with fiber Final route design and engineering will be done soon. The main-line fiber is expected to be completed by the end of 2024, with last-mile connections starting shortly thereafter and the entire project completed in 2025.
  - **Leathercamp**: The project is underway and should be done in 2024.

The Ask

Bug Tussel's first project in the county is over budget. They have requested that the County consider supporting the issuance of up to an additional $12 million of conduit bonding to fund the two projects. $5 million in additional bonding for the 2021 Conduit Bonding Project and $3 million to meet the County's commitment associated with the Leathercamp project. There are additional costs associated with the issuance of the bonds, capitalized interest, and funding for debt reserves.

Bug Tussel have indicated that the need for additional funding for the 2021 Conduit Borrowing project this was associated with several factors including: 1) The original intent was to place some of the fiber on overhear utility poles. Aerial spans were too far apart and so much more fiber had to be buried than planned. 2) They encountered much more rock than expected in laying the fiber. 3) They had performance problems with their primary contractor who has since been terminated and replaced. 4) The costs for some of the materials ands labor have gone up. Other internet providers doing work in Marathon County have experienced many of these issues.

Bug Tussel's second project – the Leathercamp project, Marathon County committed to partner with Bug Tussel committing to proving a forgivable loan of up to $142,175 which would be satisfied at completion of the project and a long-term loan up to $3 million. The original intent was to use ARPA funding for the loan. However, the long-term loan was not eligible for ARPA and the County committed to look at providing the loan through other funding sources. The County evaluated the potential use of fund balance as the source. Bug Tussel has expressed a willingness to seek conduit bonding for this project which would not affect our fund balance.

What is a Conduit Bond Issuance?

A conduit bond issuance is a financing mechanism where a governmental entity issues tax-exempt bonds on behalf of a private company or project. The proceeds from the bond sale are provided to the private entity, which is responsible for repaying the debt. Key features include:

- **Issuer:** The government entity (e.g., Fond du Lac County) issues the bonds.
- **Borrower:** Bug Tussel Wireless LLC receives the loan proceeds.
- **Repayment:** The private entity (Bug Tussel) repays the bond debt, typically with project revenues.
- **Risk and Returns:** The risk to the issuing government stems from any potential default of the borrower (i.e., Bug Tussel). The risk is mitigated somewhat by guaranties, which is this case exist with Hilbert Communications, and through the securitization of collateral, which in this instance is the towers and related fiber network. The potential benefits of the project are the expanded service to local residents and businesses, as well as the direct financial benefits received by Marathon County in connection with the administrative payments that it receives from Bug Tussel in accordance with the conduit issue (i.e., 40 basis points).
- **Timeline:** The County Board will be asked to approve an initial resolution supporting conduit bonding in June and a final resolution in September. The June vote is a simple majority and the September vote will require a 3/4ths vote of all members of the County Board.

Conclusion

The partnership with Bug Tussel Wireless LLC represents a significant investment in the digital infrastructure of Marathon County. By leveraging conduit bond financing and PSC funding, the access to high-speed internet will be enhanced, particularly for unserved and underserved residents and businesses, which will in turn foster economic development, enhance educational opportunities, and improve quality of life.

MARATHON COUNTY, WISCONSIN

RESOLUTION #R-28-24

INITIAL RESOLUTION APPROVING
REVENUE BOND FINANCING FOR BUG TUSSEL WIRELESS, LLC

INTRODUCED BY: Human Resources, Finance, and Property Committee

INTENT & SYNOPSIS: To provide approval of an Initial Resolution of Marathon County to participate with other counties in accordance with an Intergovernmental Agreement pursuant to which Fond du Lac County, Wisconsin will serve as the conduit bond issuer for Revenue Bond Financing for Bug Tussel Wireless, LLC to finance a project for acquisition, construction and installation of certain telecommunications infrastructure, for the purpose of providing wireless internet and telephone communication services to businesses, governmental units and residents of rural communities where such service is currently unavailable or prohibitively expensive (the "Project"), which includes Project costs located in Marathon County in an amount not to exceed $12,000,000.

FISCAL NOTE: None.

WHEREAS, Section 66.1103 of the Wisconsin Statutes (the "Act") authorizes municipalities to authorize the issuance and sale of bonds to construct, equip, re-equip, acquire by gift, lease or purchase, install, reconstruct, rebuild, rehabilitate, improve, supplement, replace, maintain, repair, enlarge, extend or remodel industrial projects; and

WHEREAS, Bug Tussel Wireless, LLC, a Wisconsin limited liability company (the "Company"), and/or one or more of its affiliates (including, without limitation, Hilbert Communications, LLC and Cloud 1, LLC), whether existing on the date hereof or to be formed and whether owned directly or indirectly by the Company, desires to finance a project consisting of the acquisition, construction and installation of certain telecommunications infrastructure that includes, among other things (i) acquisition of tower sites by purchase or lease of land and equipping such sites with towers and electronics to provide broadband, high speed cellular, emergency communications and point to point (P2P) data communications; (ii) constructing fiberoptic data transmission facilities (cable and electronics) between towers, key community facilities, businesses and residential aggregation points; (iii) where appropriate, connecting individual premises into the broadband network including the cost of Consumer Premise Equipment (CPE); (iv) payment of capitalized interest; (v) funding of a debt service reserve fund; (vi) payment of such project costs located in Marathon County in an amount not to exceed $12,000,000; and (vii) payment of professional fees (collectively, the "Project"), all of which will be for the purpose of providing wireless internet and telephone communications services to businesses, governmental units and residents of rural communities where such service is currently unavailable or is prohibitively expensive; and

WHEREAS, Marathon County is a political subdivision of the State of Wisconsin within whose boundaries a portion of the Project is located; and

WHEREAS, pursuant to Sections 66.1103 and 66.0301 of the Wisconsin Statutes, individual counties or two or more counties, each a "Participating County", acting pursuant to an Intergovernmental Agreement may serve as the conduit issuer for such financing; and

WHEREAS, (i) the aggregate cost of the Project in Marathon County and the Participating Counties is presently estimated to be not greater than $250,000,000, (ii) the aggregate amount of the Project proposed to be financed with one or more issues or series of tax-exempt or taxable revenue bonds does not exceed $250,000,000 (the "Bonds") to be issued by Fond du Lac County, Wisconsin (the "Issuing County") acting pursuant to intergovernmental powers, and (iii) the portion of the Project located in Marathon County does not exceed $12,000,000; and

WHEREAS, Section 66.1103(3)(f) of the Wisconsin Statutes provides that a municipality also may finance an industrial project which is located entirely outside the geographic limits of the municipality, but only if the revenue agreement for the project also relates to another project of the same eligible participant, part of which is located within the geographic limits of the municipality; and

WHEREAS, the Project includes necessary infrastructure for essential services by and for Marathon County and local units of government in Marathon County and is in furtherance of the public purposes set forth in the Act; and

WHEREAS, the proposed Project is a multi-jurisdictional project which is located in multiple counties to be identified, and the Company has requested that each of the Participating Counties approve an initial resolution (the "Initial Resolution") providing for the financing of the Project in an aggregate amount not to exceed $250,000,000; and

WHEREAS, pursuant to the Intergovernmental Agreement, Fond du Lac County shall be the Issuing County of said revenue Bonds, and it shall be determined at a future date which county or counties shall be Participating Counties; and

WHEREAS, the Company has requested that Marathon County and other Participating Counties who will directly benefit from the Project to each provide a limited guaranty (the "Guaranty") to enhance the collateral position of the Company in an amount equal to the pro rata portion of the Project costs incurred and essential services benefits derived in such Participating County; and

WHEREAS, the Company will have the primary obligation to make all scheduled principal and interest payments when due on the Bonds, and Marathon County's Guaranty will apply only in the event that the Company does not make the required payments due on the Bonds; and

WHEREAS, in return for Marathon County's Guaranty, Marathon County shall receive an annual guaranty fee (based upon the amount of its Guaranty), and the Company will pay all costs to Marathon County and all expenses by Marathon County related to the bond issue; and

WHEREAS, at the option of the Company, bond insurance may be purchased with respect to the Bonds which will require approval by subsequent resolution of Marathon County;

WHEREAS, the Company shall enter into a Reimbursement Agreement (the "Reimbursement Agreement") with Marathon County agreeing to reimburse Marathon County for any payment required under Marathon County's Guaranty and to indemnify Marathon County for any and all costs, expenses and liabilities related to the Bonds; and

WHEREAS, as further security for its Guaranty, Marathon County shall receive a first mortgage on all land, buildings, and improvements of the Company located in Marathon County which are financed with proceeds of the Bonds.

NOW, THEREFORE, BE IT RESOLVED by the Marathon County Board of Supervisors as follows:

1. Marathon County hereby approves that Fond du Lac County, as the Issuing County, acting pursuant to the Intergovernmental Agreement, shall:

(a) Finance the Project in an aggregate amount not to exceed $250,000,000 which includes Project costs located in Marathon County in an amount not to exceed $12,000,000; and

(b) Acting pursuant to the Intergovernmental Agreement by and among one or more Participating Counties, Fond du Lac County shall issue industrial development revenue bonds in one or more issues or series of tax-exempt or taxable bonds in an aggregate amount not to exceed $250,000,000 in order to finance costs of the Project located in the Participating Counties, pursuant to Section 66.1103(3)(f) of the Wisconsin Statutes.

2. The aforesaid plan of financing contemplates, and is conditioned upon, the following:

(a) The Bonds shall be limited obligations of the Issuing County, acting pursuant to the Intergovernmental Agreement, and are payable solely from revenues provided by the Company and are secured in part by the limited Guaranty of Marathon County;

(b) The Bonds shall never constitute an indebtedness of Marathon County, the Issuing County or the Participating Counties within the meaning of any state constitutional provision or statutory limitation;

(c) The Bonds shall not constitute or give rise to a pecuniary liability of the Issuing County, or the Participating Counties, or a charge against their general credit or taxing powers;

(d) The Project shall be subject to property taxation in the same amount and to the same extent as though the Project were not financed with industrial development revenue bonds;

(e) The Company shall find a purchaser for all of the Bonds;

(f) All out-of-pocket costs, including but not limited to legal fees and Trustee's fees, incurred by Fond du Lac County or the Marathon County in connection with the issuance and sale of the Bonds shall be paid by the Company, whether or not the Issuing County or another Participating County ultimately issues the Bonds; and

(g) Marathon County shall be paid an annual guaranty fee (based upon the amount of Marathon County's Guaranty).

3. The aforesaid plan of financing shall not be legally binding upon Marathon County nor be finally implemented unless and until:

(a) The details and mechanics of the bond financing are authorized and approved by a further resolution of Fond du Lac County, as the Issuing County, by a vote of at least three-fourths of the members-elect (as defined in Section 59.001(2m) of the Wisconsin Statutes) of the Board of Supervisors. Such approval shall be solely within the discretion of the Issuing County, acting pursuant to the Intergovernmental Agreement and approval of the Board of Supervisors of the Issuing County;

(b) Said approval and Guaranty are further conditioned upon terms and conditions of one or more written agreements between Marathon County and the various parties involved, ensuring that all of the proceeds from the sale of the Bonds shall be administered by a duly appointed independent trustee, that the bond proceeds shall be used exclusively for the development of the Project and for no other purpose, and that the project funds shall be paid over to the Company by the trustee only as they become needed for completion of the Project;

(c) The County Clerk of Marathon County shall cause notice of adoption of this Initial Resolution, in the form attached hereto as <u>Exhibit A</u>, to be published once in a newspaper of general circulation in Marathon County, and the electors of Marathon County shall have been given the opportunity to petition for a referendum on the matter of the aforesaid bond issue, all as required by law;

(d) Either no such petition shall be timely filed or such petition shall have been filed and said referendum shall have approved the bond issue;

(e) The county clerks of Marathon County and the Participating Counties shall each have received an employment impact estimate issued under Section 238.11 of the Wisconsin Statutes;

(f) The Bonds shall be limited obligations of the Issuing County, acting pursuant to the Intergovernmental Agreement and are payable solely from revenues provided by the Company and secured in part by a limited guaranty of each Participating County;

(g) All Participating Counties have entered into the Intergovernmental Agreement and identified Fond du Lac County as the Issuing County;

(h) All Participating Counties have approved their respective guaranties by a vote of at least three-fourths of the members-elect of their respective County Board of Supervisors; such subsequent approval shall be solely within the discretion of each Participating County; and

(i) All documents required to consummate the financing have been duly authorized and delivered.

4. Pursuant to the Act, all requirements that the Project be subject to the contracting requirements contained in Section 66.1103 are waived, the Company having represented that it is able to negotiate satisfactory arrangements for completing the Project and that Marathon County's interests are not prejudiced thereby.

5. The County Clerk of Marathon County is directed following adoption of this Initial Resolution (i) to publish notice of such adoption not less than one time in the official newspaper of Marathon County, such notice to be in substantially the form attached hereto as Exhibit A and (ii) to file a copy of this Initial Resolution, together with a statement indicating the date the Notice to Electors was published, with the Wisconsin Economic Development Corporation within twenty (20) days following the date of publication of such notice.

6. This Initial Resolution is an "initial resolution" within the meaning of the Act and official action toward issuance of the Bonds. Furthermore, it is the reasonable expectation of Marathon County that proceeds of the Bonds may be used to reimburse expenditures made on the Project prior to the issuance of the Bonds. The maximum principal amount of debt expected to be issued for the Project on the date hereof is $250,000,000.

7. Marathon County Officers and Corporation Counsel shall forthwith negotiate and confer with all interested parties, draft, edit, or approve and deliver the contracts or other documents necessary to carry out the provisions of this Initial Resolution; provided, however, that such Officers and Corporation Counsel shall present the same to the Board of Supervisors for the Board's final review, ratification, and approval of all of the specific terms and conditions contained in said documents prior to the issuance of the Bonds on behalf of

the Company. Such subsequent approval shall be solely within the discretion of Marathon County and its Board of Supervisors, notwithstanding this Initial Resolution.

Recommended for adoption this ____ day of _______, 2024.

_____________________________ _____________________________
_____________________________ _____________________________
_____________________________ _____________________________

Adopted _____
Defeated _____ by the Marathon County Board of Supervisors this
Tabled _____ _______ day of ________, 2024.

_______________________________ __________________________________
County Board Chair County Clerk

I, the undersigned, the duly appointed and qualified Clerk of Marathon County, Wisconsin do hereby certify that the foregoing resolution was duly adopted by the County Board of Supervisors at a meeting of said County held in open session in accordance with the requirements of Subchapter V of Chapter 19 of the Wisconsin Statutes on June 18, 2024.

MARATHON COUNTY, WISCONSIN

____
County Clerk

<u>EXHIBIT A</u>

NOTICE TO ELECTORS OF
MARATHON COUNTY, WISCONSIN

TAKE NOTICE that the Board of Supervisors of Marathon County, Wisconsin ("Marathon County"), at a meeting held at the Marathon County Courthouse, 500 Forest Street, Wausau, Wisconsin, on June 18, 2024, adopted an initial resolution (the "Initial Resolution") pursuant to Section 66.1103 of the Wisconsin Statutes, as amended, expressing the intention to issue not to exceed $250,000,000 of industrial development revenue bonds (the "Bonds") on behalf of Bug Tussel Wireless, LLC, a Wisconsin limited liability company (the "Company"), and/or one or more of its affiliates (including, without limitation, Hilbert Communications, LLC and Cloud 1, LLC), to finance a project consisting of the acquisition, construction and installation of certain telecommunications infrastructure that includes, among other things (i) acquisition of tower sites by purchase or lease of land and equipping such sites with towers and electronics to provide broadband, high speed cellular, emergency communications and point to point (P2P) data communications; (ii) constructing fiberoptic data transmission facilities (cable and electronics) between towers, key community facilities, businesses and residential aggregation points; (iii) where appropriate, connecting individual premises into the broadband network including the cost of Consumer Premise Equipment (CPE); (iv) payment of capitalized interest; (v) funding of a debt service reserve fund; (vi) payment of project costs located in Marathon County in an amount not to exceed $12,000,000; and (vii) payment of professional fees (collectively, the "Project"), all of which will be for the purpose of providing wireless internet and telephone communications services to businesses, governmental units and residents of rural communities. The Company has represented that the net number of full-time equivalent jobs which will be maintained in Marathon County is 1.

Pursuant to the terms of Section 66.1103 of the Wisconsin Statutes, all requirements that the Project be subject to the contracting requirements contained in Section 66.1103 are waived, the Company having represented that it is able to negotiate satisfactory arrangements for completing the Project and that Marathon County's interests are not prejudiced thereby.

THE BONDS SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF MARATHON COUNTY, NOR SHALL THE BONDS GIVE RISE TO ANY PECUNIARY LIABILITY OF MARATHON COUNTY, NOR SHALL THE BONDS BE A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF MARATHON COUNTY. RATHER, THE BONDS SHALL BE PAYABLE SOLELY FROM THE REVENUES AND OTHER AMOUNTS TO BE DERIVED PURSUANT TO THE REVENUE AGREEMENT RELATING TO SAID PROJECT TO BE ENTERED INTO BETWEEN THE ISSUING COUNTY OR ISSUING COUNTIES AND THE COMPANY.

The Initial Resolution may be inspected in the office of the Marathon County Clerk at 500 Forest Street, Wausau, Wisconsin, during business hours.

TAKE FURTHER NOTICE THAT THE ELECTORS OF MARATHON COUNTY MAY PETITION FOR A REFERENDUM ON THE QUESTION OF THE BOND ISSUE. Unless within thirty (30) days from the date of the publication of this Notice a petition signed by not less than five percent (5%) of the registered electors of the Marathon County is filed with the County Clerk requesting a referendum on the question of the issuance of the Bonds, the Issuing County will issue the Bonds without submitting the proposition for the electors' approval. If such petition is filed as aforesaid, then the Bonds shall not be issued until approved by a majority of the electors of Marathon County voting thereon at a general or special election.

Kim Trueblood, County Clerk
Marathon County, Wisconsin

Notice of Intent to Obtain a Municipal Industrial Revenue Bond

Section 66.1103 (4m) (a) 1 of the Wisconsin Statutes requires the person or business who intends to obtain an industrial revenue bond issue from a Wisconsin municipality to notify this intention to the Wisconsin Economic Development Corporation and to any collective bargaining agent in the state with whom the person or business has a collective bargaining agreement. This notification must occur at least 30 days prior to entering into the revenue agreement or signing the loan contract. The person or business must provide information on the number of full-time jobs that are expected to be eliminated, created, or maintained at the project site and elsewhere in Wisconsin as a result of the project which is the subject of this notice. The person or business named below hereby gives notice of intent to obtain an Industrial Revenue Bond pursuant to s. 66.1103 of the Wisconsin Statutes.

I. Project

A. Person: Steven J. Schneider
Business: Bug Tussel 2, LLC
Address: 417 Pine Street
Post Office/ZIP: Green Bay, WI 54301

B. Project site: **Marathon County, Wisconsin**
(Name of city, village or town in which the project is located)

C. Project type:

- [ ] Expansion at Present Location
- [ ] Relocation Within Same Municipality
- [ ] Relocation From Within State
- [ ] Relocation from Out-of-State
- [ ] New Business
- [ ] Branch-Wisconsin Operation
- [ ] Branch-Out-of-State Operat9ion
- [X] Other* Wireless telecommunication infrastructure

*(Multiple locations in Marathon County)

D. Maximum amount of IRB financing: $12,000,000 in Marathon County

II. Employment Estimates (to result within the next 3 years)

Number of Full-Time Jobs	Before Project	To Be Maintained	To Be Created	To Be Eliminated	Net Total Number of Jobs
A. At the Project Site(s)	1	1	0	0	1
B. Other Wisconsin Operations	199	199	0	0	199
C. Net Totals	200	200	0	0	200

D. Will any jobs transfer from one or more locations to the project site? Yes [ ] No [X]

Number of jobs to transfer: N/A

Location(s) the jobs will transfer from: (municipality) N/A

Signed/Person completing this form

Mitchel Olson, General Counsel
Title

June 3, 2024
Date

(920) 940-0138
Telephone Number

Resolution #R-___-24
RESOLUTION ESTABLISHING 2025 BUDGET PRIORITIES AND GUIDELINES

WHEREAS, Marathon County is an economically diverse county with a growing population and variety of rural, suburban, and urban communities; and

WHEREAS, County staff provided background information on historical revenues and expenses at the April 20th and 25th meetings of the Board of Supervisors and the May 10th meeting of the Human Resource and Finance Committee meeting; and

WHEREAS, revenue limitations by the State continue to require tough decision prioritizing which expenses will be covered with limited revenues; and

WHEREAS, prudent financial management and maintenance of fund balance reserves are essential to the long-term fiscal health of the county and the retention of a strong credit rating; and

WHEREAS, the Marathon County Board of Supervisors is sensitive to the nature of the tax burden on the residents of Marathon County, and prioritizes a stable, sustainable tax levy rate;

WHEREAS, during the 2024 budget process, the Marathon County Board of Supervisors and the County Administrator indicated a commitment to further review of non-profit funding; and

WHEREAS, Marathon County has a Debt Management Policy in ordinance section 1.51; and

WHEREAS, the Marathon County Board adopted a budget development timeline that calls for the establishment of budget priority guidelines for the County Administrator to consider when putting together a budget recommendation; and

WHEREAS, the Human Resources, Finance & Property Committee met on June 12, 2024, and has recommended budget priority guidelines for the County Administrator to consider when putting together a budget recommendation, which were forwarded to the Board of Supervisors for its consideration.

NOW, THEREFORE, BE IT RESOLVED that the Marathon County Board of Supervisors hereby establishes the following categorical priority guidelines for the County Administrator to consider, in conjunction with the direction to maintain the county's long-term fiscal health and strong credit rating, when creating the 2025 budget:

1. Capital Reserves (Structural Deficit) – proposed budget should not utilize capital reserves to fund operating costs and debt services, while using remaining ARPA for capital needs.
2. Employee Compensation – proposed budget should be based on a maximum 3% increase in employee compensation.
3. Health Insurance – proposed budget should maintain the quality of health care program currently offered to employees, while also evaluating the delivery vehicle and cost.
4. New Positions – proposed budget should not include any new positions unless they are fully funded through non-levy resources.
5. Operating Expenses – proposed budget process should strive to pursue efficiencies in service delivery to reduce costs.

BE IT FURTHER RESOLVED, the seven (7) standing committees of Marathon County are hereby called upon to continue the review of the 2024 mandated and discretionary services report and the rates and fees charged by departments under their jurisdiction, during the ensuing months to develop additional recommendations for consideration by the Board of Supervisors in the 2025 budget development and approval process.

BE IT FURTHER RESOLVED, standing committees with jurisdiction of non-profit agencies are called upon to bring recommendations to the full board relative to continued funding for non-profit agencies as part of the budget development process.

June 18, 2024

Human Resources, Finance, and Property Committee

Ayes ___________ Nays ___________ Abstain ___________ Absent ___________ [ ] Voice Vote

☐ Approved and adopted this _______ day of _______, 2024

☐ Denied this ________ day of _______, 2024

Approved as to Form:

SEAL

____
Michael Puerner, Corporation Counsel

Approved as to Financial Impact (if necessary)

Attest:

____
Kristi Palmer, Finance Director

____
Kim Trueblood, Marathon County Clerk