

CITY OF OCONOMOWOC
COMMON COUNCIL MEETING

November 1, 2005

7:30 p.m. Public Hearing – re: 2006 Proposed City Budget – Mayor Sullivan declared the budget hearing open at approximately 7:35 p.m. – He asked the Finance Director, Sarah Kitsembel, to give a summary of the budget.

Ms. Kitsembel stated that the budget has been reviewed by the Finance Committee and Committee of the Whole and is being recommended to Council. The budget reflects an assessed tax rate of \$5.48, no change from last year, and a levy of \$6,974,650, a 6.5% increase over last year, most of which is due to salaries and benefits. New growth has supported the increase in the budget, with 12.2% of net new construction this year. 12.2% is our levy limit for 2006 and we are well within that. Our equalized tax rate decreases from \$5.05 to \$4.79 and is the 4th year in a row that we have had a decrease in our equalized tax rate. She pointed out that Money magazine touted Oconomowoc as one of the best places to retire. She further pointed out that we have some of the lowest sewer and water rates in southeast Wisconsin. Ms. Kitsembel stated that this is a conservative budget, and welcomed any comments or questions.

Mr. William Scheuer, S24 W36026 Countryside Ct., thought it was strange that there was only \$250,000 in the budget for roads, when Mayor Sullivan ran on a platform to fix the roads. The Mayor responded that this is an increase for the past 2 years, and in fact this year a portion of the fund balance was added for road maintenance so actually \$450,000 was spent on roads in 2005. He further stated that he is proposing spending \$750,000 on roads in 2006.

Mr. Ken Herro, 156 E. Wisconsin Ave., suggested it may be wiser to annually bond for road rehabilitation and pay it off over 30 years.

There being no further input, the hearing was closed at 7:45 p.m.

7:40 p.m. Public Hearing – re: Proposed Special Charge for Garbage and Refuse Collection & Disposal – Mayor Sullivan declared the public hearing open at approximately 7:46 p.m. and asked Ms. Kitsembel to give a summary of the special charge.

Ms. Kitsembel stated that the City collects for garbage and refuse through a special charge. The charge is currently \$150.00 per household and we are proposing increasing that to \$155.00 per household, a 3.3% increase. The City actually pays \$166.00 per household, therefore we are subsidizing the garbage fee, and we can make up the difference through revenues we received from recycling. She stated that the Finance Committee recommends this to Council.

There was no public input, therefore the hearing was closed at 7:48 p.m.

Mayor Sullivan called the regular Common Council meeting to order at approximately 7:48 p.m. and the Clerk confirmed that appropriate notice had been given.

Mr. Bob Duffy led in the **Pledge of Allegiance**.

Roll Call: Aldermen present – Larsen, Antonneau, Cochrane, Hollatz, Jones, Snyder, Morgan and Gross (all present)

Staff in Attendance: Lamp, Sugden, Severson, Langohr, Kitsembel, Dodge, Duffy, Schmidt, Leidel, Bednarski, Frye, McKenna, Senfleben, Gard and Attorney Chapman

Minutes of previous meetings: Regular Common Council meeting of October 18, 2005; and the Committee of the Whole meeting of October 18, 2005. Motion was made by Ald. Jones, seconded by Ald. Cochrane to approve the Common Council meeting of October 18th, and the Committee of the Whole meeting of October 18th, as written. Voice vote carried with no dissenting votes.

Comments from the audience: The Mayor stated that we will take the comments in three categories, i.e. Transportation Utility District; Wisconsin Ave. reconstruction; and Budget.

The following people spoke in opposition to the Transportation Utility district: Mr. Stu Wangard, 4525 N. Hewits Point Rd.; Ms. Lois Erdmann, 654 Armour Rd.; Mr. Keith Farley, 1770 Executive Dr.; Mr. Roger Kautz, 1404 Crystal Lake Dr.; Mr. Ron Schneider, 514 Lincoln St.; Pastor Paul Borgman, 210 E. Pleasant St.; Mr. Ed Krelwitz, 924 Oconomowoc Parkway; Mr. Roger Maier, representing St. Jerome's Parish.; Mr. Mark May, 132 E. Wisconsin Ave.; Mr. Robert Fox, 1034 Timberline Ct. East; Pastor Kent E. Schroeder, 818 W. Wisconsin Ave.; Mr. Jerry Erdmann, 1101 Christopher Ct.; Mr. Don Bence, 106 S. Main St.; Ms. Leslie Moats, 116-118 Walnut St.; Mr. William Scheuer, S24 W36026 Countryside Ct.; Mr. Mark Rogahn, 936 S. Silver Lake St.; Ms. Gina Hansen, on behalf of National Association of Industrial and Office properties (NAIOP); Mr. Peter Schwabe, 506 W. Wisconsin Ave. Many of these people had common concerns, among them were: roads have been poor for many years, not fair to shift the burden to commercial/business community; it will hurt development in the City; businesses will not want to come here; if it is on the tax bill it is deductible; find an alternate way to pay for road repair; square footage is an unfair method of calculating the tax; the proposed tax could not be just for everyone; small businesses will have to close up and move elsewhere; not fair to tax churches who do so much community service; people will develop elsewhere where taxes/fees are less; think of cutting down on engineering costs; congratulations to the Mayor and Council for looking for ways to cut property taxes, but this is not the right way; no matter what you call it, it's another tax; this will impact charitable organizations; this would be like an open check-book; suggestion to put in concrete roads as opposed to asphalt, as it would take less maintenance; this would set a precedent; what tax would be next – library, parks or police; this would cost homeowners in many ways, not just the \$22.50 we are told would be on our property taxes; school taxes would increase; church members would be required to increase their offerings; a transportation utility doesn't fit like sewer, water & electric does; this would create a bureaucracy; will this take additional engineering/staff time; churches would have to cut back on community services that people count on; may have to close parochial school & what would the impact be on our public elementary schools; raise taxes as little as possible, but as much as is needed to maintain our streets; would this infringe on the separation of church and state;

businesses would pass the cost on to the customer, so citizens would pay more as a result; will create a ghost town; the formula is not fair; raise budget \$250,000 and still remain under the levy limit; this matter should be decided by the people, a referendum; the City has the highest impact fees; some developers have already paid for reconstruction of roads/traffic signals; the cost of living in the City will go up; this would make it more difficult to educate our children in parochial schools; one developer stated that people say that Oconomowoc is not a friendly place to do business; impact fees are too high compared with surrounding communities; does not follow our Comprehensive Master Plan; development is helping the budget by increasing the tax base, don't discourage new business; old established businesses would like to stay here but additional tax may force them to close; be creative in finding alternate ways, a fund-raiser; money collected by the Police could go toward this; take care of roads first before spending \$18 million for downtown renovation; we are already in the top 4 states with the highest taxes; the inequity in the proposed system is unbelievable; look within, prioritize and reconsider; use your own people as opposed to consulting firms; the people are saying "no"; don't blame the Mayor or Council because they were doing what the public demanded, to keep the tax rate down; the Federal government mandates additional services with no additional revenue; our grandchildren will be paying for years to come; this is the first time people have been saying they want higher property taxes; we must pay one way or the other in order to maintain our lifestyle; property taxes are the only viable option that local governments have left in this State; reduce expenditures to reduce this budget; if you vote for this you would be levying a tax against yourselves; take care of the worst roads first and then go from there; this will place a disproportionate burden on the commercial; listen to your constituents and vote against the TUD; perhaps reductions and re-allocating could result in prosperity; we must look forward; our only alternative is not to have more taxes; we have to do a better job with what we have.

One person spoke in favor of the Transportation Utility District: Mr. Gary Tessmann, 433 N. Lake Rd., stated he felt this would be a good thing. For instance, pick-up trucks and big trucks, etc. should pay more, as they are heavy and roads deteriorate faster because of them. Focus on who uses the roads and collect from them. Regarding churches, they do contribute to the community but he felt some of the objections were extreme. Look for a fair and equitable way of doing this.

The following people spoke regarding the Wisconsin Ave. reconstruction: Ms. Stephanie Phillips, 152 E. Wisconsin Ave., (Chamber of Commerce) commended everyone involved in the efforts put forth regarding the downtown. You will be selecting one of the 5 alternatives, and she stated that the Chamber encourages you to support Alternate #5. She feels Alternate #5 is the best option for the City. Ms. Florence Whalen, 406 W. 3rd St., stated that Alternate #5 comes with the unanimous recommendation of the Downtown Technical Resource Committee and the Plan Commission, the CDA recommended by a 6-1 vote and, the at the public meeting, the Department of Transportation favored Alternate #5. Mr. Ken Herro, 156 E. Wisconsin Ave., encouraged the Council to vote for Alternate #5, and continue to look at certain aspects of the project regarding the redevelopment block to the east and next to Stein's, as those must be addressed. We will be the only City that is going to consider a round-about. He felt the City should look at services that we can no longer provide.

The following people spoke regarding the 2006 budget: Mr. Raymond Higgins, 343 S. Elm St., said that if Council votes against TUD he would agree to a property tax increase to see something done. He suggested another way to get the \$500,000 through budget cuts, such as an overall reduction of 3% in salaries and benefits and department heads come up with cost-savings of 3%. There are other areas he felt could be cut without hurting too much, and this would get us back on the road.

There was no further public input.

Mayor Sullivan suggested that we moved agenda items 9B and 9C forward to consider them next, as most people are here on these items. There was no objection to that by the aldermen.

Unfinished Business:

B. Consider, and possible action, on recommendations re: Transportation Utility District and 2006 budget -

9:25 p.m. – Mayor Sullivan left the Chair, and Council President, Gross assumed the Chair. The Mayor thanked the audience for coming, and for their letters and ideas, some of which warrant further thought. He gave some background leading up to this point. He stated that when he ran for Mayor, he wanted to improve the condition of the roads, and quality of life items. Approximately 1 ½ years ago he asked staff to review the conditions of the roads and rate them, from 1 to 10, 10 being a new perfect road. They conducted two evaluations. With 60 miles of roads, 30 needed at least minimal repair. A second evaluation was done later, with 67 miles of road, reflecting that 29+ roads needed some attention. We gained 7 miles through development. He pointed out that developers do pay for roads in development costs.

The Common Council discussed 4 options: 1) borrowing money 2) budget for them 3) special assessments, and 4) transportation utility district (TUD). Each option has positive and negative consequences. A study indicates that we need \$4 Million over the next 5 years. He stated he is not in favor of borrowing because by borrowing \$4 Million over a 10 year period, you are actually borrowing \$5 Million and another \$5 million for the 2nd 5 years. You would be incurring capital costs to pay for operational expenses. Road maintenance is an annual expense, so you would be paying for a very long time. He stated that he did encourage the TUD as a method to accomplish this in an economical, fair way. The Council discussed the options and ended up with the TUD option. The Mayor stated his focus is on repairing the streets, and we all agree with the need to maintain the streets.

Two weeks ago when the first reading passed, he asked staff to think about some alternatives. He stated he has had approximately 75 calls, 8 to 1 in opposition to TUD. He felt the Council was getting a clear message from your concerns, and it is a deep feeling in opposition to the TUD. As a result Council needs to look at other ways to raise funds. He said the aldermen have options; i.e. do not approve the 2nd reading of the TUD ordinance” and look at alternatives. Another option, for instance, would be a 3% increase in property tax. Calculated on a \$200,000 assessed house it would result in a \$32.00 increase.

Mayor Sullivan resumed the Chair. (9:42 p.m.)

Ms. Kitsembel then did a power point presentation regarding the Paser study and how our streets are graded, from 1 to 10, and photos of them at different stages. She pointed out that it identifies 49.4% of our streets need maintenance, and indicates that an additional \$500,000 in annual maintenance will stop the further decline of our road rating. She went through three options to consider.

Current proposal - \$250,000 in the budget and \$500,000 in TUD. This would result in a levy of \$6.9 Million, a 6.5% increase; assessed tax rate of \$5.48; equalized tax rate would decrease to \$4.79; property tax on a \$200,000 assessed home would be \$1,096.00.

Alternate #1 - \$250,000 in the budget and reduce TUD by \$300,000 and transfer it to the budget. This would result in a levy of \$6.9 Million, a 6.5% increase; the assessed tax rate and equalized tax rate would be the same, as well as the property tax on \$200,000 assessed home.

Alternate #2 - \$250,000 in the budget, and add all \$500,000 to the budget eliminating the TUD. This would result in a levy of \$7.1 Million, a 9.5% increase; assessed tax rate of \$5.64; equalized tax rate of \$4.93; property tax on a \$200,000 assessed home would be \$1,128.00.

To accomplish options 1 & 2, we would have to make \$300,000 in budget adjustments. In addition, since this budget was prepared, the following items have been realized: an increase in transportation aids of \$54,000; an increase in computer exemption of \$9,200; rent for the former YMCA building of \$46,831; a decrease in health insurance cost of \$134,680; and we decreased our Capital Improvement reserve by \$110,000. Added expense for natural gas and gasoline, of \$46,000; aid to the Senior Center of \$5,000. This results in an additional \$303,600 in budget adjustments.

After a brief discussion and further explanation by the Mayor, Council opted to take no action on this item.

B. An Ordinance Creating a Section of Chapter 13 of the Municipal Code of the City of Oconomowoc titled "Transportation Utility Regulations" which establishes a Transportation Utility and Sets Transportation Utility Fee Amounts – 2nd reading. Motion was made by Ald. Snyder, seconded by Ald. Cochrane to give the ordinance its second reading by title only.

Ald. Gross moved to amend the ordinance to have a Transportation Utility District in the amount of \$200,000 to replace the \$500,000 in the first reading. Motion died for lack of a second.

Motion to have a second reading of the TUD ordinance failed unanimously.

(At this point, the meeting reverted back to the agenda)

Consent agenda: 1) Licenses – Moved by Ald. Morgan, seconded by Ald. Hollatz to approve the Consent agenda. Voice vote carried with no dissenting votes.

Committee Reports

- A. Finance – no report
- B. Personnel – no report
- C. Protection and Welfare
 - 1) Resolution re: Ambulance Billing/Collection services – Moved by Ald. Hollatz, seconded by Ald. Morgan to adopt the resolution. Carried unanimously.
- D. Public Services
 - 1) Consider/act on change Order #27 – Hwy. 67/DR project – Ald. Larsen reported that this was recommended by the Committee, but will be held over until the next Council meeting, at the request of the developer.
- E. Utility
 - 1) Resolution re: Booster Station roof replacement – Moved by Ald. Gross, seconded by Ald. Antonneau to adopt the Resolution.

Ald. Gross reported that the Utility Committee has unanimously recommended adoption of this resolution, as well as the next two resolutions.

Motion to adopt the resolution carried unanimously.

2) Resolution re: Electric Cable Installation (Cooney substation/Riverwood Trails subd.) – Moved by Ald. Gross, seconded by Ald. Antonneau to adopt the Resolution. Carried unanimously.

3) Resolution re: Well #6 Engineering – Moved by Ald. Gross, seconded by Ald. Antonneau to adopt the Resolution. Carried unanimously.

Plan Commission recommendations – none

Unfinished Business

- A. An Ordinance to Amend the Planned Development Ordinances Relating to the Lutheran Homes of Oconomowoc, Inc., property at 1305 and 1306 W. Wisconsin Ave., City of Oconomowoc, Waukesha County, Wisconsin, designated the Lutheran Homes of Oconomowoc, Inc., Planned Development (PD-5-03) – 2nd reading.

Moved by Ald. Gross, seconded by Ald. Cochrane to give the Ordinance its second reading by title only. Carried unanimously.

Moved by Ald. Gross, seconded by Ald. Cochrane that the Ordinance become law. Roll call vote carried unanimously.

New Business

- A. Consider/act on 2006 Budget, per public hearing – Ms. Kitsemel again pointed out the comparison between the \$500,000 TUD that was proposed, and Alternate #2. Alternate #2 results in a tax levy of \$7,171,050; assessed

tax rate of \$5.64 (a 3% increase); and a equalized tax rate of \$4.93 (a 2.4% decrease). This includes \$750,000 for road maintenance in the 2006 budget.

Mayor Sullivan left the Chair, and Ald. Gross assumed the Chair. (10:38 p.m.)

The Mayor asked the Council to make sure we have \$750,000 to a million a year. \$750,000 will keep the overall rating of the roads about the same. If you want to improve the roads, you have to have \$1 million. He stated he would have a lot of difficulty if Council would support less than \$750,000.

Mayor Sullivan resumed the Chair. (10:39 p.m.)

Ms. Gard recommended having \$750,000 in the budget this year because of our growth, and we don't know that we will have that ability next year.

Moved by Ald. Morgan, seconded by Ald. Hollatz to increase our contribution to the Senior Center from \$5,000 to \$6,000. Motion carried, with Ald. Larsen, Antonneau and Jones voting "no".

Moved by Ald. Gross, seconded by Ald. Cochrane to approve the 2006 budget, with Alternate #2 and the adjustments recommended by the Finance Director, and the additional \$1,000 to be added to the Senior Center contribution. Carried unanimously.

B. Set tax levy for 2006 – Moved by Ald. Gross, seconded by Ald. Cochrane to set the 2006 tax levy at \$7,171,050. Carried unanimously.

C. Resolution Increasing Special Charge for garbage/refuse collection, per public hearing - Moved by Ald. Cochrane, seconded by Ald. Antonneau to adopt the Resolution. Carried unanimously.

D. Consider/act on Alternative for Wisconsin Avenue reconstruction – Mr. Duffy, Director of Economic Development, pointed out that this has been discussed since September, and Option #5 has been recommended by the CDA, Plan Commission and the Committee of the Whole, based on traffic flow, safety and pedestrian friendliness. Mr. Duffy stated that he feels Option #5 provides the best long-term solution. The cost is estimated at \$1,500,000 for land acquisition/relocation expenses and \$500,000 for contingencies. In addition, the cost to realign Silver Lake St., and St. Paul & Cross Streets will be approximately \$450,000. Mr. Duffy said these are conservative estimates. It will be necessary to Amend our TIF#4 Project Plan, but that the project should be paid for by TIF dollars, and paid back by development within the termination of the TIF, or a year earlier. Staff feels comfortable going to the Joint Review Board with the proposed amendment.

There was a brief discussion and the Mayor commented that staff will need some direction to begin the planning process and financing needs to be looked into.

Motion was made by Ald. Jones, seconded by Ald. Cochrane to approve Option #5 and move forward. Motion carried with Aldermen Larsen and Hollatz voting "no".

Mayoral appointments to Boards and/or Commissions, with Council confirmation
– none

Staff Reports

- A. City Administrator – no report
- B. Other – Mr. Sugden, City Engineer, reported that paving has been completed on Third St., Main St. and South St. Light bases will be going in and sidewalks and driveways will be done after the lighting is in. He stated he will give Council another update in two weeks.

Announcements and Communications – none

Reports and Comments from the Mayor – Mayor Sullivan commended the Council on their handling of the roads as it relates to the budget.

Reports and Comments from the Aldermen – Ald. Morgan commented that there was a better traffic flow at the intersection of S. Main and Summit Ave. with the street closed off to the south. He said he would like to see it closed permanently.

Ald. Antonneau commented that at the Halloween Parade people are still throwing candy from the floats. This is a dangerous situation with children running out in the street to pick up the candy. Candy should only be distributed by walkers.

Ald. Larsen feels strongly that development/growth should be addressed by the Common Council. He thanked Mr. Mielke, the Mayor and staff for their efforts in trying to find a way to maintain our roads without putting it on the property tax.

Ald. Gross was concerned that it appeared to look too easy to cut \$300,000 from the budget, and it isn't every year that we could do this. We changed our priorities, and businesses will still have to pay the tax. He thanked staff for all the work they have done on this in the past week.

There being no further business to properly come before this body, a motion to adjourn was made by Ald. Cochrane, seconded by Ald. Jones, and carried. (11:13 p.m.)

Ardyce Senfleben, City Clerk