

**JOINT FINANCE COMMITTEE &
COMMITTEE-OF-THE-WHOLE MEETING MINUTES
October 18, 2007**

Mayor Sullivan called the Joint Finance Committee and Committee-of-the-Whole meetings to order at 5:00 pm and the Clerk confirmed appropriate notice was given.

Members present: Finance Committee – Aldermen Larsen
Committee-of-the-Whole – Aldermen Nold, Larsen, Hollatz, Miller and Morgan

Members absent: Finance Committee – Aldermen Cochrane and Antonneau
Members absent: Committee-of-the-Whole – Aldermen Snyder, Cochrane and Antonneau

Alderman Antonneau arrived at 5:02 pm
Mayor Sullivan asked Alderman Miller to sit on the Finance Committee in the absence of Alderman Cochrane

Staff present: Mayor Sullivan, Gard, Kitsembel, Dodge, Melcher, Duffy, Maurer, Spencer, Leidel, Beguhn, Schmidt, Gallo, Frye, McKenna and Coenen

Others present: Stan Sugden

2. Consider/recommend Proposed 2008 City Budget

Gard stated that Kitsembel will be handling the bulk of the budget presentation, but she wanted to talk briefly about the budget process. The book before you is the 3rd iteration in the budget process. Although the State hasn't adopted the budget, we have decided to limit our maximum levy increase to net new construction. We know there will be some type of levy limit and this is a component in both budgets, but we feel comfortable using it. This budget has a levy increase that is less than net new construction. Staff believes we have a reasonable budget you can be proud of. We have been having discussions on growth and how to manage those pressures and balance competing needs. Since 2000 our population has increased 17%, street miles 33% and the square miles 50%. This budget maintains existing service levels but allows us to implement new initiatives while limiting the tax impact on our citizens.

Kitsembel gave an overview, with the use of a power point presentation. The Equalized Tax Rate decreased from \$4.47 to \$4.45 and this is the 6th year in a row we have realized a decrease. Oconomowoc is one of the lowest City tax rates in the State. In 2005 we were ranked 187 out of 190 cities. The Tax Levy increase of \$260K or 3.5% is the second lowest levy since 1999. We are below the State budget discussions of property tax limits (4% or net new) and our net new is 4.197%. The highest levy increase was in 2003 when TIF #2 closed out. The General Fund Revenue has the largest piece coming from property taxes but it has decreased from 56% in 2004 to 49% for 2008. State Mandates need to be balanced. Our Public Works (maintaining infrastructure) and Public Safety (Police and Fire) require the largest portion of our funds. 43% of our budget is for wages and benefits. Recently, Council has done some things to offset these, i.e. an employee contribution for health insurance, a change in our insurance carrier and payoff of current retiree liability. This budget includes a \$2.5 million investment in improving the downtown and the majority is for jurisdictional transfer in TIF #4. Transportation funds have been increased for street reconstruction, crack filling, and the extension of Lake Bluff Drive, Lexington and Oconomowoc Parkway East, which is funded by TIF #3. In addition to the Wisconsin Avenue downtown initiative, funds for a traffic signal at Summit and Forest have been budgeted. This cost expenditure will be shared with the hospital and high school and each entity will pay 1/3 of the cost. We have also included dollars for efficiency items such as in the Clerk's Department; document imaging and records management and Fire Department; Notebook computer and software to allow for mobile data entry, as well as resource items such as in the Police Department; additional squad for backup and future staff. A smaller items included is bleacher replacement at Roosevelt Field. One set of bleachers will be paid for by the City and another set by the 5 O's. A CDBG grant will assist with work on the fishing pier at Fowler. Workers Comp costs have increased and these fluctuations cost the City dollars. We continue to look at safe work practices and stress safety features in equipment purchases. Our senior support will remain the same. Room Tax revenue has increased substantially due to the Hilton. In summary, the overall levy increase is 3.5%.

There was general discussion and questions by the Committee members. A few of the items were: Is the extension of Thackeray Trail included in the budget? It is not, but it will be looked at further out. Although the east end extension of Oconomowoc Parkway is budgeted, what about the west end. The City has had limited discussions with the County and they are open to the transfer of jurisdiction for the street. The schools will be anxious for this transfer to move along. At this point, we have no choice, it needs to be connected, its just who will pay for it. Clarification was asked for with the extension of Lake Bluff Road. When the City sold lands a while back, \$448K was designated by the Council for the extension of Lake Bluff Road and the funds are in reserve. Clarification was asked for with the increase in the Bureau budget. Our room tax increased from 5% to 6% as well as the number of rooms and State law requires a certain percentage to be allocated to tourism. Clarification was asked for with the increase in the election budget. 2008 will have four election events, including the Presidential. The increase is due to operating expenses and supplies. In closing, Gard stated that the City will hold a public hearing on the Proposed 2008 Budget on November 20, 2007.

Finance Committee: Motion by Miller to recommend approving the 2008 Proposed Budget; second by Antonneau. Motion carried 3-0. Committee-of-the-Whole: Motion by Nold to recommend approving the 2008 Proposed Budget; second by Miller. Motion carried 6-0.

3. Consider/recommend Proposed 2008 Garbage/Refuse Collection Fee

Kitsemel reported that staff is recommending a \$5.00 increase in our annual charge for garbage and refuse collection from \$160.00 to \$165.00, a 3.2% increase. Our waste hauler service charges \$180.00 per household and the City supplements the difference. The City will hold a public hearing on this increase on November 20, 2007.

Finance Committee: Motion by Antonneau to recommend approving the 2008 proposed Garbage & Refuse Collection Fee increase of \$5.00; second by Miller. Motion carried 3-0.

4. Discussion on Street Resurfacing Program

Frye reminded Committee members that as part of our growth initiative the Mayor has recommended that we add \$100K a year for the next five years for road repair. With that being said, he started the discussion with a "Typical Residential Street Cross-Section" diagram that outlined the layers of a street and stated that the most important part of the street is the base. Borings will be done to determine if there is a good base, then only the top portion would be replaced. Next he passed out a sheet rating ten miles of street sections from one to three that are in need of repair. One being the worst and three being poor. There were some streets rated a four on the list, which need utility work done so they were included within the planning scope for street maintenance. A street rated four is only considered to be in fair condition. The final sheet passed out contained estimated street construction costs. It was pointed out that if we spend \$1.7 million a year on street repairs, it will take until 2019 to complete the ten miles of road. The \$1.7 million does not include capital street extensions such as Lake Bluff Drive. Sullivan stated that the reason for this discussion is that something needs to be done and we need to figure out what. Frye stated that \$15K was budgeted for thirteen miles of crack filling, but that option is no longer feasible for some of the streets. We could look at stormwater and sewer work and allocate the cost between the responsible parties. Developers already pay for their infrastructure and this may be an option. Some communities special assess the replacement of curbs. He emphasized we will need to look at how we pick and chose the streets that are rated three. For instance, if we are doing work in the area, that might be the deciding factor on why a road is done. He reminded the Committee that on Saturday, October 20th at 8:00 am he will be giving a tour of the City streets and hopes they can all attend. Sullivan stated that sometime in the future staff will put together a presentation that will take Council through the East Wisconsin Avenue jurisdictional transfer process inch by inch. He has asked Duffy to facilitate this. There was some general discussion by the Committee members on the condition of streets and monies allocated for the repairs.

Motion by Miller to adjourn the meeting of the Finance Committee; second by Antonneau. Motion carried 3-0. Motion by Larsen to adjourn the Committee-of-the-Whole Meeting; second by Nold. Motion carried 6-0. The meetings adjourned at 6:01 p.m.

Diane Coenen, City Clerk