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Office of the City Administrator

FINANCE-PERSONNEL COMMITTEE

Tuesday, June 14, 2016

6:15 PM

North Conference Room

Minutes

1. Call to Order

Present:

Alderman Andrew Nerbun
Alderman Robert Strzelczyk
Alderman John Wirth
Mayor Dan Abendroth

Also Present: City Administrator Jones, Assistant City Administrator Thyes, Finance Director Watson, Police Chief Graff, Fire Chief Bialk, Deputy City Clerk Fochs, Assistant Finance Director Rudychev, City Attorney Sajdak, Executive Assistant Prosser, Steve Henke, CPA-Baker Tilly Virchow Krause, Press

2. Approve minutes from the May 10, 2016 meeting

RESULT: Accepted [Unanimous]
MOVED BY: Alderman Wirth
SECONDED BY: Alderman Nerbun

AYES: Alderman Nerbun, Alderman Strzelczyk, Alderman Wirth

3. License applications

a. June 2016 Licenses

Jerome L. Cannady's license renewal was denied as recommended.

RESULT: Approved [Unanimous]
MOVED BY: Alderman Wirth
SECONDED BY: Alderman Strzelczyk

AYES: Alderman Nerbun, Alderman Strzelczyk, Alderman Wirth

b. 2016 Waste Hauler Permits

Staff was asked to find out what information on the waste hauler permit application is

required to be completed by the waste hauler.

RESULT: **Approved [Unanimous]**
MOVED BY: Alderman Wirth
SECONDED BY: Alderman Strzelczyk

AYES: Alderman Nerbun, Alderman Strzelczyk, Alderman Wirth

4. Vouchers for payment

a. May Voucher Approval

RESULT: **Approved [Unanimous]**
MOVED BY: Alderman Wirth
SECONDED BY: Alderman Strzelczyk

AYES: Alderman Nerbun, Alderman Strzelczyk, Alderman Wirth

5. Resolutions

Action requested: review and recommend approval

a. **RESOLUTION 3390** A Resolution Amending A Development Agreement for Outpost Natural Foods Located At 7590 W Mequon Road For a Town Center TID Incentive

Community Development Director Tollefson stated Outpost Natural Foods has submitted a request for an amendment to the incentive authorized under the Town Center TID Fast Track Formula. Ms. Tollefson pointed out, under the Town Center TID project plan, qualifying development projects allow for receivership of a financial incentive for redevelopment efforts based on a set of criteria. Ms. Tollefson went on to say, at the time the original development agreement was approved, the City considered options related to the percentage split between the City and applicant pointing out the limit of return in any given year was 30%. Ms. Tollefson stated due to the actual cost of expenditures, the cap of 30% would not allow Outpost Natural Foods to receive full reimbursement. Ms. Tollefson noted the proposed amendment modifies the agreement in order to allocate full reimbursement over the course of thirteen years of installments. Ms. Tollefson stated it is recommended that the 30% cap on any returned increment be eliminated, and rather that a \$25,270 annual payment is scheduled, with the condition that Outpost Natural Foods achieves the required minimum value of \$4.25M in any given year. Ms. Tollefson noted the Economic Development Board did review the amendment to the original agreement at the end of May and agreed to support the modification.

RESULT: **Approved by Voice Acclamation [Unanimous]**
MOVED BY: Alderman Wirth
SECONDED BY: Alderman Nerbun

AYES: Alderman Nerbun, Alderman Strzelczyk, Alderman Wirth

b. RESOLUTION 3382 A Resolution Approving A Transfer of Funds From The Capital Project Fund's Fire Vehicle Replacement Account to the Fire Officer Equipment Account

Assistant Finance Director Rudychev stated staff is recommending a transfer of funds from the Capital Project Fund's Fire Vehicle Replacement Account to a newly created Fire Officer Equipment Account in the Capital Projects Fund. Ms. Rudychev noted the new account will afford the Fire Department with the opportunity to plan long term for purchases instead of using the department's operating budget. Ms. Rudychev pointed out, due to the nature of the equipment and timing of the purchases, at times the equipment, although budgeted and purchased in one fiscal year would not be invoiced and subsequently paid until the next year. Ms. Rudychev went on to say, since the request is being made mid-fiscal year and no tax revenue was requested to fund the account, staff is proposing that funds in the amount of \$40,000 be transferred from the Fire Vehicle Replacement account to the new Fire Officer Equipment account in the Capital Projects Fund. Ms. Rudychev pointed out the Fire Vehicle Replacement account will be able to absorb the transfer of funds without negatively impacting the project account due to unanticipated revenue from vehicle sales, insurance claims and reclassification of sprinkler system fees.

Mayor Abendroth requested a future discussion regarding the impact of the increase in call volume to the Fire Department's operating budget.

RESULT: Approved by Voice Acclamation [Unanimous]
MOVED BY: Alderman Wirth
SECONDED BY: Alderman Nerbun

AYES: Alderman Nerbun, Alderman Strzelczyk, Alderman Wirth

6. Discussion

Action requested: review and possible action

a. Presentation of Comprehensive Annual Financial Report for the Year Ended December 31, 2015 by Baker Tilly Virchow Krause, LLP

Finance Director Watson introduced Steve Henke from Baker Tilly Virchow Krause. Mr. Henke provided a summary of the two reports that were distributed to the Committee; the *Comprehensive Annual Financial Report for the Year Ended December 31, 2015* and the report, *Communication To Those Charged with Governance and Management As of the and For the Year Ended December 31, 2015*. Mr. Henke stated the objective of the audit is to express an opinion on the City's financial statements. Mr. Henke went on to say, the report; *Communication To Those Charged with Governance and Management As of the and For the Year Ended December 31, 2015* includes all communications required under professional standards, as well as, comments and recommendations resulting from the audit and information applicable to future audits. Mr. Henke stated 2015 was a break-even year for the City. Mr. Henke noted the unassigned fund balance is just over 15% which is over the City's minimum fund balance policy of 10-15%. Mr. Henke pointed out the activities of the Enterprise Funds which consists of the Water and Sewer Utilities are very consistent with prior years and noted as the year ended only \$68,000 of the fund balance versus the

anticipated \$300,000 was used. Mr. Henke concluded his presentation stating, revenue sources exceeded the budget, expenditures were less than 1% across all functions, and according to the state statutory debt limit the city is at 14% of its capacity. Alderman Wirth recommended a future discussion on the City's account receivable policy.

7. Ordinances

Action requested: review and recommend approval

a. **ORDINANCE 2016-1472** An Ordinance Creating Section 2-216(15) of the Mequon Code of Ordinances Establishing a Paid Time Off Donation Policy

Assistant City Administrator Thyges stated a proposal to introduce a paid time off donation policy is before the Committee. Mr. Thyges stated the proposal is in response to two separate situations where non-represented employees have experienced medical emergencies or a member of their family, and as a result have exhausted their allotment of paid time off and other paid leave benefits. Mr. Thyges noted the policy would apply to only part time and full time non-represented employees. Mr. Thyges pointed out the employees that would not be subject to the program would be limited time employees (LTE) and represented employees. Mr. Thyges stated the policy does not call for a change in annual PTO allotment already set forth in Section 24.14 of the Employee Personnel Manual as adopted by Ordinance 2012-1380. Mr. Thyges went on to explain the guidelines and limitations of the policy with the Committee noting that the policy does provide a mechanism to help employees address medical emergencies while providing very specific controls to the City as an employer. Mr. Thyges informed the Committee the proposed donation policy has been reviewed by the City's labor attorney. Alderman Wirth recommended adding a sunset to the ordinance of December 31, 2018.

RESULT: **Approved by Voice Acclamation [Unanimous]**
MOVED BY: Alderman Strzelczyk
SECONDED BY: Alderman Wirth

AYES: Alderman Nerbun, Alderman Strzelczyk, Alderman Wirth

b. **ORDINANCE 2016-1473** An Ordinance Repealing Section 14-32 of the Mequon Municipal Code as it Relates to Economic Development Grants for Reserve "Class B" Liquor Licenses

Deputy Clerk Fochs stated in April, 2015 the Council adopted Ordinance 2015-1441 which created section 14-32 of the Mequon Municipal code regarding grants for Reserve "Class B" Liquor Licenses. Ms. Fochs went on to say, the provision allowed the City to return \$9,500 of the \$10,000 reserve liquor license fee to the business owner once the business was open to the public. Ms. Fochs pointed out state statutes were recently adopted taking local control away from municipalities that chose to rebate a portion of the initial fee. Ms. Fochs noted no portion of the fee may now be rebated or refunded effective June 1, 2016, therefore Mequon must now remove the previously approved rebate provision from the City Code.

RESULT: **Approved by Voice Acclamation [Unanimous]**
MOVED BY: Alderman Wirth

SECONDED BY: Alderman Strzelczyk

AYES: Alderman Nerbun, Alderman Strzelczyk, Alderman Wirth

8. Adjourn

The meeting of the Finance & Personnel Committee was adjourned at 7:15 PM.

RESULT: **Approved by Voice Acclamation [Unanimous]**

MOVED BY: Alderman Wirth

SECONDED BY: Alderman Nerbun

AYES: Alderman Nerbun, Alderman Strzelczyk, Alderman Wirth