



11333 N. Cedarburg Road
Mequon, WI 53092
Phone: 262-236-2914
Fax: 262-242-9655

www.ci.mequon.wi.us

Office of the City Clerk

COMMITTEE OF THE WHOLE

Tuesday, July 19, 2016

6:00 PM

Christine Nuernberg Hall

Minutes

1. Call to order, Roll Call

Present:

Mayor Dan Abendroth
Alderman Robert Strzelczyk
Alderman Connie Pukaite
Alderman Dale Mayr
Alderman John Wirth
Alderman Mark Gierl
Alderman John Hawkins
Alderman Andrew Nerbun
Alderman Pam Adams

Also present: City Administrator Jones, City Clerk Fochs, Finance Director Watson, Assistant Finance Director Rudychev, Community Development Director Tollefson, City Engineer/Public Works Director Lundeen, Police Chief Graff, Fire Chief Bialk, press and interested public.

2. FY2016 Status Update

Administrator Jones provided an overview of the evening's agenda. Topics include FY2016 status, debt service, capital funding, asset management, considerations for FY2017, long term financial planning, and future milestones. Finance Director Watson discussed the results of the 2015 audit. The City had budgeted the use of \$300K of fund balance. However, since revenues were more than budgeted and expenses were less than budgeted, the deficit was only \$68K. Post-audit recommendations for staff were to get more support staff for utility management, review regulations for other post-employment benefits and an actuarial study. FY2016 permit fees and other revenue categories (i.e., cell tower leases, franchise agreements, fund balance) are slightly lower than budgeted. Conversely, FY2016 Common Council expenditures are slightly higher and will be watched (i.e., Fun Before the Fourth purchases).

Administrator Jones recapped the 2016 major initiatives: Public Works Facility, 2016 road improvements, Emergency Medical Dispatch, SUV Patrol Vehicle Fleet Conversion, Building Inspector Supervisor, Agenda Management System, City Website upgrade. It was

recommended to present the short-list of website candidates to Council before the award. Discussion ensued on proprietary info, aldermanic involvement in the review process, vetting procedures.

Council looked at trends over the last ten years, such as a decline of inter-governmental revenues, increase in licenses and permits, decrease of investment income. Taxes are becoming the mechanism to balance the budget, general government and public works has spent increasingly less over the years, and capital outlays and debt service have increased.

3. Review of Long-Range Financial Planning Considerations

Council's priorities are to ensure public safety, maintain infrastructure and keep taxes low. Director Watson recapped the Public Works Facility bond issue: \$8.9M of general obligation debt to pay off by 2031; principal and interest is approximately \$688M/year; will combine three facilities into one for cost savings; vacated buildings/land could be used for Town Center. SCR rating for main and subdivision roads and lane miles has increased. Principal and interest debt has been increasing over recent years. Interest is currently \$1M/year. Council discussed unwinding the cyclical borrowing. That would mean borrowing less to reduce principal and interest and rededicate money from savings into a levy. However, that may mean a couple years of reduced road funding. Council asked how can the roads be analyzed in order to identify cost saving opportunities. Alderman Pukaite stated that taxes have not been increased in seven years and this trend is not sustainable citing increased road miles and parks to maintain, and an increase in public safety threats. The City's goal is to maintain the roads at a 6-7 SCR value.

An update on the state of our facilities and parks and their deferred maintenance was presented to Council, i.e. paving at parks, pool deck replacement, ash tree replacement, replacement of fleet and equipment for police and fire departments. An Asset Management Plan to determine assets we should be buying and how they will be financed could be done. This could enable the Council to make funding decisions across facilities, roads, fleets, equipment, parks, and signage.

4. Discussion Concerning Development of FY2017 Budget

Director Watson outlined what will impact the FY2017 budget, i.e., mid-year hires, health insurance premiums, assessor contract, Wisconsin Retirement System share increase, Police Department contract, Affordable Care Act ramifications for paid on-call firefighters, utility/fixed asset accountant, and initial expenses for Public Works Combined Facility.

Discussion ensued on the fund balance ratio. The City's fund balance policy is to keep it 10-15%. GFOA recommends 16-25%. Using the fund balance to plug the gap of ongoing operations is not a sustainable way to manage its monies. If taxes remain the same then the fund balance would take a huge hit funding the approximately \$660K new debt expense for the Combined Public Works Facility. The tax rate is currently 3.06/1000. A fifteen cent increase in taxes would keep the status quo. Likewise, a twenty-five cent increase would give us an additional \$400K/year to address capital projects.

Council was reminded that new debt service is not subject to the state levy limit. Straw poll indicated 1) Desire to bring back more information to Council regarding borrowing vs. pay-as-you-go, 2) Review an asset management plan prior to deciding capital projects budget, and 3) Council does not have enough information to decide on a tax rate for FY2017.

Next steps include: 1) providing budget instructions to Departments in July, 2) draft budgets and budget requests due to Administration/Finance by mid-August, 3) budget reviews by end of August, 4) draft budget by beginning of October.

5. Review of FY2017 Budget Development Milestones

Tentative dates for the Appropriations Committee were discussed by Council. Council recommended departments review cost saving measures, present a no-tax rate hike budget, increase fire and police department budget, present a budget using the fund balance monies, present essential budget items, department need lists, and debt expiration details.

6. Other Matters

None.

7. Motion to adjourn at 8:12 PM.

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

AYES: Strzelczyk, Pukaite, Mayr, Wirth, Gierl, Hawkins, Nerbun, Adams
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Minutes approved 08/10/16