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Office of the City Administrator

**Appropriations Committee  
October 21, 2014  
Meeting Minutes**

**Committee Members**

**Present:**

Mayor Abendroth, Aldermen Strzelczyk, Pukaite, Mayr, Leszczynski, Gierl, Hawkins, Adams

**Not Present:**

Alderman Nerbun

**Also Present:**

Acting City Administrator Thyges, Finance Director Watson, Assistant Finance Director Rudychev, Operations Manager/Parks Director Curran, Deputy City Clerk Fochs, Community Development Director Tollefson, Police Chief Graff, Fire Chief Bialk, Deputy Director Public Works/Assistant City Engineer Jahncke, Executive Assistant Prosser

The meeting was called to order by Mayor Abendroth at 6:00 PM.

**Budget Overview, Revenues and Capital Projects**

*Budget Overview*

Acting City Administrator Jesse Thyges provided an overview of the proposed FY2015 budget. Mr. Thyges stated the city's top budget goals set forth by the elected officials for 2015 were: maintain low property taxes, maintain city infrastructure, maintain roads and public works, maintain high quality public safety services, and additional themes related to economic development, park improvements, and drainage way improvements were expressed. Mr. Thyges went on to say, the goals identified would need to be accomplished within the financial framework set forth by the state, in particular, the state's levy limit. Mr. Thyges stated the 2013 Wisconsin Act 20 allows for an increase to a municipality's property tax levy attributed to net new construction or 0% whichever is greater. Mr. Thyges noted the levy limit does not apply to a municipality's debt service authorized on or any time after July 1, 2005. Mr. Thyges stated the proposed FY2015 budget does not have any significant personnel or program changes nor does it have any major on-going initiatives being proposed.

Acting City Administrator Thyges went on to review the city's revenues for FY2015. Mr. Thyges stated the City of Mequon relies heavily on the property tax levy as the primary source of revenues. Mr. Thyges noted the city receives about 9% from state shared revenues whereby other communities throughout the state receives 20% from intergovernmental aids. Mr. Thyges went on to say, the projection of revenues within the proposed budget is favorable with increases projected in permit fees based upon a trend analysis and upcoming construction projects, an increase in public works fees due to new home construction, an increase in revenue from law/ordinance violations through the city's use of mid moraine municipal court, and cellular lease revenues are expected to increase by \$10,000.

Mr. Thyges stated 71% of the 2015 budget is appropriated for salary and benefits, down 1% from last year, and down 6% from two years ago. Mr. Thyges stated the city continues to see savings on the benefit side associated with the Act 10 legislation. Mr. Thyges pointed out there are several slight staffing changes built

in to the proposal; a half time administrative assistant to the police department, and an increase in hours for the administrative assistant in the fire and finance departments. Mr. Thyes went on to say, several staffing requests did come forward that were not factored into the budget proposal primarily due to cost constraints; two deputy chief positions to oversee fire inspection duties and staff training duties, a full time administrative assistant and one patrol officer was requested for the police department, and one chief building inspector in the community development department.

Mr. Thyes stated the proposed FY2015 budget does include a contingency fund as in previous years to accommodate a modest 2% across the board wage adjustments that will be linked to the implementation of a performance evaluation system and/or collective bargaining. Mr. Thyes noted the contingency fund is also used for unforeseen circumstances such as harsh winters, volatile fuel costs, and unstable revenue sources. Mr. Thyes noted funds are available in the contingency fund should the Council approve a study of the city's health insurance program.

Acting City Administrator Thyes went on to provide the committee with highlights of the expenditures proposed in the FY2015 budget as follows:

Professional development will decrease slightly in 2015; however, will still meet the needs of employees to ensure mandated or required licensure/certifications are kept current. Materials and supplies will increase slightly with road salt being the major driver. The city's shared library allocation will decrease slightly from the previous year based on the maintenance of effort calculation providing the most cost effective formula.

Acting City Administrator Thyes stated the city takes out debt obligations to fund road improvements and other capital projects. Mr. Thyes noted within the proposed budget there is a slight increase to the levy to help offset the debt service payments. The total levy for the capital project fund will increase by 10% due to the fact that earlier this year the dispatch radio console needed to be replaced and there were no funds set aside for this purchase. Mr. Thyes stated one of the goals set forth in the proposed budget is to address drainage way issues. The public works and engineering departments have come forward and established a formalized funding mechanism within the context of the capital plan to address the drainage issues community wide on a regular and ongoing basis.

Mr. Thyes reviewed the tax incremental districts. Currently there are two active districts; TID #2 which continues to cash flow positive, TID #3 is projected to generate some increment in the amount of \$24,000 which in turn will be applied towards debt service associated with that district. Mr. Thyes stated the debt service total is significantly higher which calls for an advance from the capital project fund into the TID district to cover the debt service so as to avoid placing the debt service on the property tax bill.

Acting City Administrator Thyes concluded the budget overview by stating, the proposed budget delivers what staff believes is the committee's preference for maintaining a respectable tax rate. The tax rate that is being proposed is slightly higher than last year to accommodate an unbudgeted capital expense for the dispatch console, the slight increase in debt service payments, and an increase in health, auto, and workman's compensation insurance premiums. Before turning the meeting over to Finance Director, Tom Watson, Mr. Thyes pointed out department heads are available should the committee have any questions regarding the staffing requests that were not built into the proposed budget.

Finance Director Watson provided the committee with a hand out illustrating the past tax levies. Mr. Watson pointed out last year's general fund levy was about 9 million dollars and for this year a proposed increase of \$111,000 is needed to balance the budget. Mr. Watson stated staff recently held a meeting with representatives from the Milwaukee Metropolitan Sewer District (MMSD) and was informed the capital charge would increase substantially by \$575,000. Mr. Watson noted the capital project line levy

has increased \$90,000 due to the purchase of the dispatch console, and provides \$100,000 for architectural and design fees for the proposed 2016 construction of the department of public works facility. Mr. Watson stated the levy for 2015 is about 20.5 million compared to last year's 19.6 million, however, it still leaves the city with approximately a million dollars left of unused allowable levy. Mr. Watson stated the mill rate would increase approximately five cents in the general fund based upon an estimate of the assessed value for 2015. Mr. Watson noted the MMSD cap charge will increase the mill rate for residents in the sewer district by ten cents. Mr. Watson informed the committee the exact manufacturing numbers and assessed value from the state would not be available for about three weeks and noted if the final numbers end up being in line with what the city saw in 2014 the mill rate would drop about one cent. Finance Director Watson concluded his presentation stating with the mill rate at \$3.09 a house assessed at \$250,000 would see an increase in additional taxes of \$12.50 and for those residents in the sewer district an increase of an additional \$25, thus a house in the sewer service area assessed at about \$250,000 would see an increase in their tax bill of \$37.50.

Mayor Abendroth thanked staff for their presentation of the proposed FY2015 budget and stated the goal is to complete the budget by focusing on the big picture items.

**Action:** Motion to approve the proposed FY2015 budget as presented (Adams/Hawkins)

Alderman Pukaite commented on a job well done by staff in reaching the budget goals, including keeping low property taxes. Alderman Pukaite expressed her concern for the decrease in staff and the ability to continue to provide high quality services. Alderman Pukaite suggested a future policy discussion in regards to returning to a pay as you go format.

Alderman Hawkins thanked staff for keeping the levy low and for delivering a budget that allows the committee to look at the big picture. Alderman Hawkins shared the same concern expressed by Alderman Nerbun regarding the \$380,000 advance from the capital project fund to pay for debt service. Alderman Pukaite inquired as to how the capital fund will be repaid. Finance Director Watson stated eventually TID #3 will become more self supporting and will be able to start repaying back the capital project fund. Mr. Watson went on to say the thought three years ago was for TID #3 to start generating more of its own increment, noting a year from now TID #3 may improve in value with the town center development and other possible development projects coming into the district.

Alderman Strzelczyk expressed concern for increasing the debt service and noted he would also like to have a discussion regarding a pay as you go policy. Alderman Strzelczyk suggested an aggressive approach to marketing the opportunities available in the TID #3 district and mentioned he would like to see another patrol officer on the street.

Alderman Adams stated the city's policy for the fund balance is 10% and currently the fund balance is at 18% thereby she would support taking the necessary funds from the fund balance to lower the increase in the mill rate for 2015.

Alderman Mayr stated the \$174,000 used to replace the dispatch radio console should have been paid out of the fund balance, noting the cost of the dispatch radio console should go back into the police department fund, instead of placing the burden on the tax payers.

Finance Director Watson stated after transferring \$174,000, the general fund will drop from around 18% to approximately 15%.

**Action:** Motion to transfer \$174,000 from the general fund back to the capital project fund designated for the police department. (Mayr/Strzelczyk)

**Result:** Motion passed by roll call vote (8/0).

Alderman Pukaite suggested looking into purchasing bulk material with the Village of Thiensville to save on the cost of materials and supplies.

Mayor Abendroth gave staff the opportunity to address the committee. Fire Chief Bialk came forward to speak to the committee regarding his request to hire two full time positions. Fire Chief Bialk provided the committee with information regarding the need for additional help in the fire department. Alderman Pukaite stated she appreciated the information provided by the Fire Chief, but suggested the need for additional staff should be studied and brought to the Public Safety Committee for review.

Mayor Abendroth called for the vote on the motion to approve the proposed FY2015 budget presented before the committee.

**Result:** Motion passed by roll call vote. (8/0) Proposed FY2015 budget recommended to Common Council for approval.

**Adjourn**

**Action:** Motion to adjourn the meeting (Adams/Mayr)

**Result:** Motion passed by voice acclamation – meeting adjourned at 7:35 PM.

Respectfully submitted;

CITY OF MEQUON APPROPRIATIONS COMMITTEE  
Lina Prosser, Executive Assistant