

**CITY OF CEDARBURG
COMMON COUNCIL
October 31, 2016**

**CC20161031-1
UNAPPROVED**

A regular meeting of the Common Council of the City of Cedarburg, Wisconsin, was held on Monday, October 31, 2016, at City Hall, W63 N645 Washington Avenue, second floor, Council Chambers. Mayor Kinzel called the meeting to order at 7:00 p.m.

ROLL CALL: Present - Common Council: Mayor Kip Kinzel, Council Members John Czarnecki, Jack Arnett, Dick Dieffenbach, Rick Verhaalen, Mitch Regenfuss, Patricia Thome, Mike O'Keefe

Also Present - City Administrator/Treasurer Christy Mertes, Director Public Works and Engineering Tom Wiza, City Clerk Constance McHugh, Police Chief Tom Frank, City Assessor Cathy Timm, Library Director Linda Pierschalla, Wastewater Superintendent Eric Hackert, Parks, Recreation and Forestry Director Mikko Hilvo, Public Works Superintendent Joel Bublitz, Public Works employees Adrian Buntrock, Jeff Schmitz, and David Schwantes, Fire Chief Jeff Vahsholtz, Assistant Fire Chief/Mechanic Bill Hintz, City Attorney Michael Herbrand, Library Board Members Sue Karlman, David Moburg, Sherry Bublitz, and Steve Ruggieri, Economic Development Board Members Peter Welch and DJ Burns, Town Supervisor Dave Salvaggio, interested citizens and news media

STATEMENT OF PUBLIC NOTICE

At Mayor Kinzel request, City Clerk McHugh verified that notice of this meeting was provided to the public by forwarding the agenda to the City's official newspaper, the *News Graphic*, to all news media and citizens who requested copies, and by posting in accordance with the Wisconsin Open Meetings law. Citizens present were welcomed and encouraged to provide their input during the citizen comment portion of the meeting.

APPROVAL OF MINUTES

Motion made by Council Member Thome, seconded by Council Member Arnett, to approve the minutes of the October 4, 2016 special meeting of the Common Council and the minutes of the October 10, 2016 meeting of the Common Council. Motion carried unanimously.

COMMENTS AND SUGGESTIONS FROM CITIZENS

Patrick Manner, N65W4805 Cedar Reserve Circle, said the August Weber Haus operates intermittently at best and typically during festivals only. He said this business causes strife in the community. Approximately 600 residents have signed a petition to relocate the liquor licenses of this business. He said this business employs an individual that has been charged with and convicted of crimes and is now harassing individuals in the community. He said it is time to relocate the licenses to a sustainable business.

SWEARING IN OF PATROL OFFICER CASEY C. WARD

City Clerk McHugh administered the oath of office to Patrol Officer Casey C. Ward.

PUBLIC HEARING: PROPOSED 2017 CITY BUDGET, DEPARTMENT PRESENTATIONS

Mayor Kinzel opened the public hearing at 7:11 p.m. to receive comments and input regarding the proposed 2017 budget.

City Administrator/Treasurer Mertes presented a summary of the proposed 2017 budget:

- The proposed increase in the tax levy is 11.9%, or \$1,005,293.
- There is a 14% increase in the tax levy from 2014 to 2017, or \$1,169,623.
- The 2016 growth allows for a levy increase of \$54,937; the health and dental increase is \$71,474. An additional \$40,709 is needed for the projected 12% increase in premiums.
- The general fund change since 2014 is 5.6%.
- The increase in the capital improvement fund is 21.6%.
- The library increase is 4%.
- The pool levy is new in 2016.
- The debt service levy increase is 32%
- The total increase from 2014 is 14%
- The assessed value since 2012 has increased 5%, or \$61,081,940.
- A \$1 million increase is needed in funding: \$0.48 is for debt service; \$0.27 is needed for capital improvements; \$0.01 is needed for the pool. This is a total of \$0.82; however, growth allows for an additional \$54,937, which equals \$0.04.

Major general fund changes from 2016:

- A 2% wage increase is budgeted for non-protective employees and a 2.25% increase is budgeted for protective employees.
- A 7% increase in health and dental insurance premiums is budgeted; but the increase quoted is 12%. Staff is waiting for quotes.
- \$10,000 increase is budgeted for legal services.
- The waste and recycling contract will increase by \$15,032.
- \$10,000 has been reinstated for revaluation funding.
- The transfer to other funds is \$226,250.
- Fuel expenditures are decreasing \$26,000.
- The increase in expenditures from 2016 is \$427,627; \$226,250 of this amount is for transfers out to support capital improvements and the swimming pool.
- 2017 use of fund balance includes \$12,043 for tactical medical supplies, handguns and holsters; \$5,000 for Police Department building repairs and fence painting; \$26,250 for a pool heater, and a \$200,000 transfer to the capital improvements fund for parks and Fire Department projects (total of \$253,836).
- The City's policy requires that 2-3 months of expenditures should be on hand in case of an emergency. The budget is well within this policy.

Capital Improvement – Five Year Funding Plan

- The levy is up \$332,000, or 28%.
- This comprises 16% of the total levy.
- The increase in the levy is due to the reserves being depleted over the last eight years.
- The City must now levy the full amount necessary to fund purchases/projects rather than keeping it level from year to year and avoiding the expenditure restraint issue.
- 2017 capital projects and purchases include replacing the boiler at the gym (\$50,000); an Emergency Management siren replacement (\$23,000), a one ton dump truck (\$70,000); jetter-vac purchase with Wastewater (\$210,000); and a front end loader (\$235,000); storm water improvements (\$284,750); street projects (\$876,000); concrete apron at the Fire Department (\$42,000); asphalt pavement at the Fire Department (\$100,000); and a retaining wall replacement at the Fire Department (\$65,000); a mower (\$30,000); snow blower/mower (\$42,000); a trailer (\$5,000); and park improvements (\$18,500); radio console at the police department (\$46,000); and an air conditioning unit at the Police Department (\$11,000).
- Borrowing could occur to help meet the expenditure restraint program.
- Borrowing could occur for street projects or the scope of projects could be reduced. If some street work is postponed this would have an impact on the transportation aids.

Debt Service

- The levy is up 82%; or \$578,504.
- The debt service levy is 13.6% of the total levy.
- The City has \$17,956,109 in outstanding debt.
- The debt is at 28.63% of the statutory limit and 35.78% of the City policy.

Special Revenue Funds

- Cemetery (continued use of fund balance into 2017).
- Room tax (slight increase in 2017).
- Recreation programs (budget still subject to change due to City and Town discussions).
- Park sub-divider deposit fund (no use of these funds in 2017).

Special Revenue Fund – Library

- The 2017 proposed levy is \$707,306, the same as 2016.
- The library levy is 7.5% of the total levy.
- Revenues are increasing 3.44%, expenditures are increasing 2.74%.
- A negative fund balance is projected into 2017.
- The largest tax supported special revenue fund is the library.
- The County revenue payment is increasing \$30,630.
- The increase in the library personnel budget is 2.17%.
- The 2016 levy was to cover over-spending in 2014 and 2015 and balance the 2016 budget. The library is projected to be over budget by \$27,054 in 2016 and after 2017; \$12,000 over budget even with revenues budgeted over expenditures.
- There will be \$7,400 in capital remaining from the library building sale proceeds and construction savings that could be transferred to the library to help offset the deficit.

Sewer Utility

- Sewer utility is not funded by taxes but user fees.
- Flow rate is to remain the same (\$5.22 per 1,000 gallons).
- Holding tank hauler rate is to remain the same (\$8.70 per 1,000 gallons).
- The septic tank hauler rate is to remain the same (\$44.91 per 1,000 gallons).
- The monthly connection fee is to increase \$1 in 2017 to \$13.

Proposed Tax Rate

- Equalized tax rate of \$7.52, \$0.52 increase, or 7.2%.
- Assessed tax rate of \$7.72; \$0.75 increase, or 10.8%.
- \$207 increase on a home assessed at \$276,000.

Potential Changes

- Funding of the library deficit.
- Health and dental insurance premium increases.
- Try to meet the expenditure restraint limit; \$600,000 has to be eliminated from the budget. If the limit is not met, the City will lose \$166,000 in revenues for 2018 and qualify for the program in 2019 (only qualify every other year).
- Could borrow for roads or equipment or have the sewer utility pay for the jetter-vac in full in 2017 and have the capital fund contribute \$100,000 in 2017 and \$100,000 in 2018.

Library Director Pierschalla presented the proposed library budget.

- A library merger will occur and the library will be part of a four county library system with a total of 33 libraries.
- A deficit has followed the library since 2014.
- The library will be receiving \$30,630 in additional revenue from Ozaukee County.
- Revenues are projected to increase by 3.44% in 2017.
- Personnel costs are expected to increase by 2.17%.
- Operating costs are budgeted to increase 4.74%; the overall increase in total expenditures is 2.74%.
- Increases in the 2016 budget are a result of an increase in electric costs, health insurance changes, building expenses, and landscaping that is to be replaced.
- The Library will receive \$10,000 from the Friends of the Library.
- There is \$7,400 from the sale of the old library building that could be put towards the fund balance deficit of \$12,000.

Council Member Czarniecki said that it is troubling to him that there is nothing in the library's goals and objectives to try to control costs. He said the Library Board needs to take a look at this.

Director Pierschalla said the library is holding back and the Board reviews the budget every month. She said some costs, such as electric, were underestimated as the library was not in the building a full year when the 2016 budget was prepared. She also ran into additional health insurance costs when an employee switched from single to family coverage. In addition, a water heater in the library needed to be replaced.

Council Member Dieffenbach requested updated estimates for 2016 spending. He agreed the library must live within its budget and asked Director Pierschalla to discuss at a future meeting how the library will meet its 2016 allowance.

Library Board Member Steve Ruggieri said the Council in the past asked the library to use its fund balance to covers expenses. He said the library was 4.8% over budget in 2015, which was not unreasonable given that it was the first full year the library was in the new building.

Council Member Czarnecki requested the Library Board figure this out and spend less money.

Mr. Ruggieri said the Library Board would not be here if it had not been asked by the Council to spend down the fund balance. The Board used contingency funds to pay for construction costs that were not borrowed for. He said the library needs a decent contingency fund.

Mayor Kinzel said the Council cannot increase taxes to increase the library fund balance.

Library Board Member David Moburg said the library is a once in a generation experience.

Council Member Arnett said he cannot support an 11.9% tax levy increase. The Council agreed, and also agreed borrowing is not an option to balance the budget or meet the expenditure restraint limit.

Motion made by Council Member O'Keefe, seconded by Council Member Arnett, to close the public hearing at 8:19 p.m.

The Council will continue deliberations on the budget at the November 14 meeting with adoption at the November 28 meeting.

CONSIDER MAYOR KINZEL'S APPOINTMENTS OF BOARD OF APPEALS ALTERNATE MEMBERS TOM MESALK AND DOUG YIP AS REGULAR MEMBERS

Motion made by Council Member O'Keefe, seconded by Council Member Thome, to approve Mayor Kinzel's appointment of Board of Appeals alternate members Tom Mesalk and Doug Yip as regular members. Motion carried unanimously.

CONSIDER AMENDMENT OF THE EXISTING STORM WATER MANAGEMENT PRACTICE MAINTENANCE AGREEMENT FOR KEUP TRAIL AND PINE RIDGE SUBDIVISIONS TO INCLUDE THE SANDHILL TRAILS SUBDIVISION AND APPROVAL OF CSM FOR POND SITE

Homes By Towne has an offer to purchase the former Keup Trails Subdivision phase 2, and they intend to plat it as "Sandhill Trails Subdivision". They have preliminary plat approval, but the existing pond maintenance agreement for Pine Ridge Subdivision and Keup Trails Subdivision needs to be amended to include Sandhill Trails in place of Keup Trails Phase 2. A Certified Survey Map (CSM) of the pond site has also been prepared. Jim Doering of Towne Reality, Inc. explained the CSM.

Motion made by Council Member Thome, seconded by Council Member Arnett, to approve the amended Storm Water Management Practice Maintenance Agreement and associated CSM for the storm water pond subject to City Attorney Herbrand's review of the amendment. Motion carried unanimously.

CONSIDER AMENDMENT TO THE GLEN AT CEDAR CREEK DECLARATION OF COVENANTS

The title company representing Cornerstone Development found several discrepancies in the Declaration of Covenants for The Glen at Cedar Creek Subdivision. The proposed corrections deal with the many outlots and property owner obligations associated with them. Two of the outlots are lands that Cornerstone will develop as future phases, and thus the phase 1 property owners would have no interest or obligation with respect to those outlots.

Motion made by Council Thome, seconded by Council Member Dieffenbach, to approve the amended Declaration of Covenants and affidavit of correction for the plat subject to City Attorney Herbrand's final review. Motion carried unanimously.

CONSIDER AWARD OF ENGINEERING DESIGN CONTRACT FOR THE 2017 STREET AND UTILITY PROJECT

Staff requested proposals from a total of four engineering consulting firms for the design of the 2017 Street and Utility project. Staff recommends award of the engineering design for the 2017 project to M-Squared Engineering as their fee was the lowest, they are a local company, and they have successfully completed engineering services for the City in the last few years.

Motion made by Council Member Dieffenbach, seconded by Council Member Czarnecki, to award the engineering design contract for the 2017 Street and Utility project to M-Squared Engineering. Motion carried unanimously.

CONSIDER REQUEST TO FILL WASTEWATER LEAD OPERATOR POSITION

Superintendent Hackert said a second Wastewater employee has resigned and another will retire in early 2017. In addition, there are rumors a fourth employee will also be leaving. He said those that are resigning have gone to work in the private sector with as much as a 40% pay increase. He said the Treatment Plant is no longer a competitive employer. Either the City needs to pay more, or something else must be done to attract and retain employees. He said at least three employees will need to be hired in the near future. It takes about one year to train each employee. Several other area communities are also experiencing the same problem. The most immediate concern is that of hiring a Lead Operator.

Director Wiza said in the long term the City needs to work at retaining employees at the Plant. When these employees leave they take with them a large amount of institutional knowledge.

Motion made by Council Member O'Keefe, seconded by Council Member Arnett, to authorize the hiring of a Wastewater Lead Operator. Motion carried unanimously.

The Council asked Superintendent Hackert to present recommendations to address salary issues at the November 14 Common Council meeting.

CONSIDER APPLICATION FROM FRILL, INC., LYNN M. KNUTSON, AGENT, FOR A CLASS "CLASS A" LIQUOR LICENSE FOR FRILL, W63N680 WASHINGTON AVENUE, FOR THE PERIOD ENDING JUNE 30, 2017

Motion made by Council Member Arnett, seconded by Council Member Czarnecki, to approve a "Class A" liquor license for Frill, Inc., Lynn M. Knutson, agent, W63 N680 Washington Avenue. Motion carried unanimously.

DISCUSS OPTIONS FOR CEDARBURG COMMUNITY POOL OPERATIONS

The agreement with the Town of Cedarburg regarding the community pool expires at the end of 2016. City Administrator/Treasurer Mertes said she and Mayor Kinzel met with the Town Chair and Town Administrator to discuss options for the operation of the pool and will meet again at the end of the week. Some options were:

- Status quo as proposed in the 2017 budget. The estimated cost to the City would be \$57,929. The total cost is \$88,278.
- Version 2 of the budget would reduce part and full time salaries, remove equipment purchases and amenities, require selling more banners, and increasing rentals of the facilities - \$77,677.
- Version 3 of the budget is the same as version 2 above but the salary of the Recreation Supervisor would be moved to the general fund. This would result in the same cost to the City as version 2.
- Version 4 would have the Town contributing \$10,000 towards the pool without any say on the Pool Commission and moving the oversight to the Parks, Recreation and Forestry Board. The cost to the City would be \$51,767.
- Version 5 would double the cost of a season pass. The cost to the City would be \$35,965.

Other ideas include limiting the days and hours open, privatizing, contracting out chemicals to a pool service, and only allowing daily passes (no season pass sales or doubling the season pass cost). Approximately 76% of usage of the pool is by season pass holders. According to calculations by the Town, if the price of a season pass was doubled, the pool could generate \$12,000 to \$14,000.

Mayor Kinzel said the idea is to make the pool self-funding.

Council Member Arnett asked if privatization is an option.

Director Hilvo said the YMCA looked at the pool in Grafton a few years ago and said no. He said he has talked to a pool company and a local business about this and both have said no because it does not make financial sense. He has not found a major donor either.

City Administrator/Treasurer Mertes said another option would to be shut down the pool completely.

Council Member O'Keefe asked how much revenue the SuperPass program generates. Director Hilvo said it has generated about \$4,000 to \$5,000 in revenue. The City would not be able to participate in the program if the membership fees are doubled. Raising membership fees may also decrease the number of memberships.

Council Member Regenfuss said a short term decision is needed until the City determines what should be done with the pool in the long run.

A resident on Evergreen Blvd. said a pool in Wauwatosa has been privatized and has a beer garden and has been successful. She asked if the recent beer gardens at the pool were successful.

Director Mikko said the beer gardens generated only a few hundred dollars.

Council Member Regenfuss said the beer garden at the Wauwatosa pool is only a small component of the operations. He said he reviewed those financials and there is a very different dynamic at the pool.

It was the consensus of the Council not to increase the season pass fee. Council Member O'Keefe said decreasing wages is also likely not an option.

Council Member Arnett suggested the Council continue what it has been doing for the last 20 years with the Town paying a portion towards the costs. If the Town opts not to participate, there would have to be an increase in non-resident membership fees.

Council Member Regenfuss agreed that there should be the same arrangement with the Town contributing a fixed dollar amount until the Council determines what should be done with the pool.

It was the consensus of the Council that the current arrangement remain status quo. Discussions with the Town will continue later this week.

CONSIDER RESOLUTION NO. 2016-24 DESIGNATING LIGHT AND WATER CHECKING AND SAVINGS ACCOUNTS FOR THE ENSUING YEAR

Motion made by Council Member Dieffenbach, seconded by Council Member Arnett, to approve Resolution No. 2016-24 designating Light & Water checking and savings accounts for the ensuing year. Motion carried unanimously.

CONSIDER TEMPORARY CLERICAL HELP AT CITY HALL

City Administrator/Treasurer Mertes said she made a request to the Personnel Committee for a temporary full-time clerical employee for City Hall due to the decline of staffing levels in the last five years and increased workload. The Personnel Committee recommended the Council approve a part-time temporary employee and asked staff to look internally also for help. The hourly rate of pay would be \$15 for a total of \$3,600. This would be for the months of November, December and January.

Motion made by Council Member Czarnecki, seconded by Council Member O'Keefe, to approve the hiring of a temporary part-time employee for City Hall for the months of November, December and January in an amount not to exceed \$3,600. Motion carried unanimously.

DISCUSSION OF YOUTH BASKETBALL PROGRAM

Council Member Arnett said he has been talking to the Cedarburg School District regarding the Youth Basketball program. He asked the Council to request a fee waiver because of the impact the new fees will have on the City, or ask the School District to take over the program with the understanding the City will help with the program during the transition. He said the goal must be to make the program sustainable, and the ultimate goal is to have the School District take over the Youth Basketball program. He is asking the Council to make a formal request that fees be waived and/or the School District take over the program on a permanent basis.

Council Member Thome said she is uncomfortable separating the City from a program. She said the City and School District should sit down at the table and negotiate going forward. The City and School District have worked together and cooperated for years and she does not think the City is at the point of suggesting the School District take over any programs.

Council Member Arnett said he does not feel his approach excludes Council Member Thome's approach. He said the School District has said they are willing to sit down and talk; however, the Youth Basketball program is set to start in a few days. The fees to be charged are \$13,000

Director Hilvo said there are three entities in the recreation business (City, Town and School District), which only serves to complicate things. He said one cohesive department would make sense.

Council Member Verhaalen said he is in favor of asking for a waiver of fees; however, he said the Council should be talking to the School District and Town about all programs.

Council Member Thome said all parties need to get together and sit down and talk about this.

Motion made by Council Member Arnett and seconded by Council Member Verhaalen that the Council request a fee waiver for the Youth Basketball program for the upcoming season and the Council continue discussions with the School District about the future of the Youth Basketball program and other recreation programs.

Council Member Dieffenbach said there should be a waiver of all fees.

Motion carried with Council Member Dieffenbach opposed.

PAYMENT OF BILLS

Motion made by Council Member Regenfuss, seconded by Council Member Czarnecki, to approve the payment of the bills for the period 10/06/16 through 10/21/16, ACH transfers for the period 10/07/16 through 10/30/16, and payroll for the period 09/25/16 through 10/22/16. The motion carried unanimously.

LICENSE APPLICATIONS

Motion made by Council Member O’Keefe, seconded by Council Member Czarnecki, to authorize the issuance of new Operators licenses for the period ending June 30, 2017 to Mary E. Dolezal, Lane M. Kassner, Elizabeth M. Sattler, Karie L. Todd, Paul J. Toepfer, Abby M. Tucholka, and James L. Wendt. Motion carried unanimously.

Motion made by Council Member O’Keefe, seconded by Council Member Czarnecki, to authorize the issuance of a renewal Operators license for the period ending June 30, 2017 to Bruce K. Knutson. Motion carried unanimously.

COMMENTS AND ANNOUNCEMENTS BY COUNCIL MEMBERS

City Administrator/Treasurer Mertes asked that Council Members submit the related party questionnaire that was requested by Baker Tilly, the City’s new auditing firm.

City Administrator/Treasurer Mertes referred Council Members to the letter from Baker Tilly relative to the upcoming audit and said if anyone has any questions to contact her or Baker Tilly directly.

City Administrator/Treasurer Mertes said SEH is doing a feasibility study regarding the monopole site. It appears at this time that there will be a \$12,358 fee over and above the contract amount for a tribal participation and processing fee. The Council asked her to obtain more information about this fee.

MAYOR’S REPORT

Mayor Kinzel issued a proclamation proclaiming November 6 as Change Your Clock – Change Your Battery Day.

ADJOURNMENT

Motion made by Council Member Czarnecki, seconded by Council Member Dieffenbach, to adjourn the meeting at 9:55 p.m. Motion carried unanimously.

Constance K. McHugh, MMC/WCPC
City Clerk