

**CITY OF CEDARBURG
COMMON COUNCIL
October 27, 2014**

**CC20141027-1
UNAPPROVED**

A regular meeting of the Common Council of the City of Cedarburg, Wisconsin, was held on Monday, October 27, 2014, 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, Ron Reimer, Art Filter, Paul Radtke, Patricia Thome, Mike O'Keefe

Excused - Council Member Mitch Regenfuss

Also Present - City Administrator/Treasurer Christy Mertes, City Clerk Constance McHugh, Director of Engineer and Public Works Tom Wiza, Police Captain Glenn Lindberg, Director of Parks, Recreation and Forestry Mikko Hilvo, Building Inspector Mike Baier, Police Officer Joe Kell, Assessor Cathy Timm, Wastewater Superintendent Eric Hackert, Library Director Linda Pierschalla, Assistant Library Director Carol Wunsch, Senior Center Director Carol LaFontaine, City Attorney Michael Herbrand, Economic Development Coordinator Mary Sheffield, Library Board Members Sue Karlman and Steve Ruggieri, Economic Development Board Members Chris Smith and DJ Burns, interested citizens and news media

STATEMENT OF PUBLIC NOTICE

At Mayor Kinzel's 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 Filter, seconded by Council Member Radtke, to approve the minutes of the October 13, 2014 regular meeting as presented. Motion carried unanimously with Council Member Regenfuss excused.

COMMENTS AND SUGGESTIONS FROM CITIZENS

Linda Smith, N32 W7367 Lincoln Blvd., commented on proposed TID No. 3. She said she is opposed to taxpayer money funding private development. She said she doesn't know how much contamination is on the land or why the developer purchased the property, but the taxpayers should not bear the burden of cleaning it up. She said there is no need to develop this corner. She urged the Council to not consider funding for private developers.

Susan Mongoven, N82 W7253 Pine Street, said she does not understand TIDs and what they involve. She said she prefers the City find a buyer for the properties who is willing to pay taxes, or let the properties remain as green space. She said the City should not subsidize this.

**PUBLIC HEARING – PRESENTATION OF THE PROPOSED 2015 CITY BUDGET;
DISCUSSION, AND DIRECTION THEREON**

Mayor Kinzel opened the public hearing at 7:07 p.m. to receive comments and input regarding the proposed 2015 budget.

City Administrator/Treasurer Mertes presented an overview of the proposed 2015 budget:

- The total assessed value for 2014 is \$1.2 billion, an increase of 1.3% or \$15.1 million.
- Equalized value increased from \$1,156 billion to \$1,187 billion, 2.6% or \$30.4 million.
- The proposed tax levy of \$8,358,164 is a 1.1% increase.
- The proposed equalized tax rate of \$7.04 is a \$0.11 or 1.5% increase.
- The proposed assessed tax rate of \$6.97 is a \$0.02 or .3% decrease.
- This would amount to a \$5 decrease on a home assessed at \$259,000.
- Total budgeted revenues are \$22.6 million.
- Total budgeted expenditures are \$23.1 million.
- The budget includes capital expenditures for street and stormwater projects, vehicles and equipment.
- The proposed budget includes a 2% wage increase as of January 1 for non-protective and a 3.2% increase for protective employees.
- The proposed budget includes a 5% increase for health and dental insurance.

General Fund:

- The General Fund will have a levy of \$5.65 million, up 1.5%.
- The General Fund accounts for 67% of the total levy.
- This is a balanced budget with a \$13,000 use of fund balance (\$10,000 for the contingency account and \$3,000 for auxiliary police uniforms).
- Total revenues are \$8.34 million, up 2.2%.
- Intergovernmental revenues are increasing .14%
- Public charges for services are increasing 11%.
- Commercial revenues are up 6%.
- Property taxes are increasing 1.5%.
- The property tax equivalent is increasing by 10.6%.
- Total expenditures are \$8.36 million, up 1.7%.
- Salary increase of 3.8% equals \$135,863.
- The health insurance increase is projected at 5.6%, or \$38,548 due to an additional police officer hired in 2014.
- There will be two elections in 2015, compared to four in 2014, resulting in a \$15,345 decrease.
- The new recycling and refuse contract will result in a reduction of \$9,737 due to a change in the fuel surcharge rate.

- A \$1,525 increase is budgeted for planning services for an increase in the contractual amount for the Economic Development Coordinator.

Capital Improvements:

- The levy is \$1,435,000, up 16.2%.
- Capital improvements account for 17% of the total levy.
- Revenues total \$2,352,755.
- Expenditures total \$2,466,450.
 - \$135,000 is for General Government.
 - \$118,000 is for the Police Department.
 - \$20,000 is for an Emergency Management.
 - \$70,000 is for the Fire Department.
- Public Works capital improvements include \$327,000 for equipment, \$1,175,000 for street improvements, and \$189,000 for stormwater improvements.
- Other capital improvement expenditures include \$18,000 for Parks, Recreation & Forestry equipment, \$363,700 for park improvements, and \$40,000 for park equipment.
- Environmental capital expenditures include \$10,000.
- There is a transfer to Debt Service in the amount of \$140,000 of unspent funds borrowed in 2014.

Sewer Utility:

- Flow rate per 1,000 gallons is \$5.16, same as 2014.
- The monthly connection fee is \$12; no increase is proposed.
- The holding tank hauler rate is \$8.60 per 1,000 gallons, no increase is proposed.
- The septic tank hauler rate is \$41.58 per 1,000 gallons; no increase is proposed.
- Operating revenues are \$2,279,065.
- Operating expenses are \$2,595,951.
- Capital projects are \$442,000.

Debt Service:

- The debt service levy is down 36% due to 2004 and 2008 issues paid in full in 2014.
- Debt service is 7.4% of the total levy.
- There is \$8,005,235 of outstanding debt.
- The City is at 13.2% in terms of its statutory debt limit.
- This is 16.5% of the City's debt policy.

Special Revenue Funds:

- Includes Cemetery, Room Tax, Recreation Programs, Swimming Pool, Park Subdivider Deposit Fund, and Library.
- There is a slight decrease for the room tax. There is a slight decrease in the Cemetery Fund. The Recreation Programs Fund should break even. The Swimming Pool Fund shows a balanced budget.
- There is a transfer to the capital improvement fund from the Park Subdivider fund for the Prairie View Park development.

- The Library tax levy was \$490,000 since 2012. The 2015 proposed levy is \$650,000, a 33% increase.
- The Library tax levy is 7.8% of the total levy.
- Library revenues are increasing 27%.
- Library expenditures are increasing 18%.
- The Library budget includes the use of \$17,963 of the fund balance.

Internal Service:

- Total revenues are \$303,074.
- Total expenditures are \$305,482.
- Internal Service is used to fund insurance premiums and claims. The City will see a decrease in workers' compensation insurance due to a decrease in the modification factor from 1.07 in 2014 to .88 in 2015.

Items on the Unfunded List:

- Library operating expenditures (\$17,963).
- Willowbrooke Pond aeration system (\$20,000)
- Barricades for festivals (\$3,640).
- Downtown bathrooms (\$200,000).

Council Member Filter asked how much is unfunded for the Library. City Administrator/Mertes said that \$17,963 is unfunded, or a 1.5 cent increase in the tax levy.

Council Member Filter said the Council, a few years ago, approved contributing money towards the repair of the high school tennis courts. He said that perhaps the other taxing jurisdictions in the Cedarburg School District such as the Town and Village of Grafton, the Town of Jackson, and the City of Mequon should contribute to this as well. He said that he would be in favor of contributing one-third of the costs of the resurfacing of the courts, not one-half.

City Administrator/Treasurer Mertes said that the cost of the tennis courts is part of borrowing. It is estimated that City programs use the courts 46% of the time for programs.

Mayor Kinzel asked where the proceeds from the sale of the former library building have been assigned to.

City Administrator/Treasurer Mertes said at this time the proceeds are assigned to the Library in the Capital Improvement fund.

Council Member Czarnecki asked if the Council has gone back to the Departments and asked them to cut costs. Rather than spending more money because there are increased revenues and development he suggested costs be cut.

City Administrator/Treasurer Mertes said that a few years ago travel and training expenses were cut for all departments, computer purchases were cut, employees were asked to take furlough days, staff was cut, and there were no pay raises.

Council Member Reimer said the staff and Council have been cutting the budget for the last several years.

Linda Smith said the budget includes \$70,000 for repaving the Zeunert parking lot. She asked why the Council is repaving a parking lot in a park when potholes are not fixed. These funds could be used to fix the streets.

Library Board Member Steve Ruggieri thanked the Council for considering the proposed increase in the Library budget. He said the new Library has been open for less than three months and some of the estimates are really guesses at this point and the Library Board really does not know how accurate the proposed 2015 budget is.

Director Wiza explained a change in the allocation of funds for street improvements and stormwater improvements. This allocation does not change the tax levy. The revised Capital Improvements budget shows \$175,000 less in street improvements and the same increase in stormwater improvements. This reallocation is to address the reconstruction of McKinley and Lincoln Boulevards, the reconstruction of Johnson Street, and storm sewer work related to the possible construction of a new Public Works facility. All three projects are integrated and need to be accomplished to alleviate major flooding in the area. The plan is to do the storm sewer work, then pave McKinley and Lincoln Boulevards, then pave Johnson Street, and finally reconstruct the Public Works facility. This reallocation will result in the same amount of street paving in 2015. The expenditures for street improvements will remain the same.

Council Member Reimer asked that Emergency Management be separated from Auxiliary Police in the budget. He said he would like to see these as separate functions. City Administrator/Treasurer Mertes said this could be done.

Motion made by Council Member Radtke, seconded by Council Member Thome, to close the public hearing at 8:06 p.m.

FURTHER CONSIDERATION OF THE PROPOSED 2015 BUDGET; DISCUSSION, AND DIRECTION THEREON

Council Member Reimer thanked staff and City Administrator/Treasurer Mertes for a job well done on the budget.

Council Member Filter said it is a good budget, but he said he is still worried about partial funding of the repair of the School District's tennis courts. He said the Council needs to give the message that the City is not a cash cow.

Council Member Radtke said that he does not disagree with Council Member Filter; however, the Council did agree in 2012 to help with funding of the tennis court repairs.

Council Member Radtke agreed the budget is a good one. He suggested the Council focus on the unfunded list and determine if anything on the list should be added to the budget.

Council Member Reimer commented that he does not like the way the City handles repairing roads. He said he is concerned with funds for repairs coming from borrowing.

City Administrator/Treasurer Mertes said proceeds from borrowing have been used for road work this year and will be used next year. She said she does not like to see this happen either.

Council Member Reimer said many of the City's roads are in bad shape and the Council has a desired policy of not increasing taxes to pay for road repairs. He said the Council needs to do a better job of funding street repairs so our children and grandchildren are not paying for repairs made today.

City Administrator/Treasurer Mertes said the motion regarding the funding of the tennis courts from the May 14, 2012 meeting was that the Council agrees that within 3 years it will budget for and intends to share the costs of maintenance and rebuilding the tennis courts at the School District as proposed. This motion is contingent upon a mutually acceptable access agreement which provides that, after School District access, City residents and recreation programs will perpetually get first priority access to the courts. The method of funding and the amount will be finalized during the next budget cycle.

Director Hilvo said there is not a written agreement regarding access to the courts; but the School District has always given the City recreation programs first priority.

The Council discussed the items on the unfunded list.

Council Member Radtke said there is no easy solution to bathrooms in the downtown.

Council Member Thome suggested that signage for the existing bathrooms could be improved.

Council Member Reimer suggested the Public Works Commission and/or the Tourist, Promotions and Development (TP&D) Committee look at this issue.

Motion made by Council Member Reimer, seconded by Council Member Thome, to not fund the downtown bathrooms items at this time, but that staff contact TP&D and suggest the group look into parking, bathrooms and signage in the downtown. Motion carried unanimously with Council Member Regenfuss excused.

Barricades for festivals were discussed. Director Wiza said Police Chief Frank has suggested that barricades filled with water be placed on the outer ends of the festivals to better protect the perimeters from potential drunk drivers and high speed chases. The barricades would be used in conjunction with Public Works vehicles to fully block the road. The vehicles would be pulled out of the way to allow for emergency vehicles to pass through. The barricades would be placed at the north end of Washington Avenue, the south end of Washington Avenue, and on Columbia Road.

Mayor Kinzel suggested that this matter be discussed by the Public Works Commission and with the Fire Chief.

Director Hilvo said the residents near Willowbrooke Park have requested the City do something to make the stormwater retention pond more appealing for the neighborhood. Currently the DNR stocks fish in the pond and some neighborhood children enjoy fishing there but in recent years the pond has developed a green scum on it and has become an eye sore according to the neighbors. The solution to this would include 2 aerators (\$13,000), electrical work for the aerators (\$5,000), a goose grid (\$1,000), and pond pucks (\$1,000). The total cost is \$20,000.

It was the consensus of the Council to add this project to the budget.

Council Member O'Keefe asked what the cost of the flower basket program is.

Director Hilvo said \$10,000 is included in the Celebrations accounts for the flower basket program. This includes \$6,000 for supplies, \$3,000 for watering, and \$1,000 for installation.

Council Member Radtke said he is not a fan of the \$2,000 bonus program proposed for Library employees, mainly because he is not in favor of one department doing things differently from other departments.

Council Member Filter said this type of program may create ill-will among employees.

Council Member Reimer said that he agrees with Council Member Radtke. He said the City levies money for the operation of the Library but basically cannot control how it is spent. The City has no control over the Library budget; however, Library employees are still City employees.

Attorney Herbrand confirmed that the Library Board has full control over its budget.

Director Pierschalla said a bonus program is not the correct word. This is really a market adjustment program. Currently many employees with experience and education are being paid lower than market wage. The Library Board discussed the idea of salary bumps during the year to make up for the lower salaries.

A revised budget will be presented at the next meeting.

CONSIDERATION OF "RESOLUTION NO. 2014-16 APPROVING THE PROJECT PLAN AND ESTABLISHING THE BOUNDARIES FOR AND THE CREATION OF TAX INCREMENTAL DISTRICT NO. 3, CITY OF CEDARBURG, WISCONSIN"

Todd Taves of Ehlers said since proposed TID No. 3 was last discussed by the Council two things have happened. The initial Joint Review Board convened on October 6 and held an organizational meeting. On October 6 the Plan Commission also met and held a public hearing on the proposed TID and unanimously recommended approval of its creation.

Mr. Taves briefly reviewed the Project Plan. Two parcels located just south of City Hall on Washington Avenue are to be included in TID No. 3. As of the effective date of the TID, the value of the parcels is frozen and referred to as the base value. The increased value is captured as the increment and goes directly to the City to pay for the project costs. Currently the assessed value of

the two parcels is \$284,000. The parcels qualify as a blighted area because of the known contamination.

The Joint Review Board and the Council must use the “but for” standard and come to the conclusion that “but for” tax incremental financing this Project would otherwise not happen. The cash grant is estimated to be \$310,234, interest on the City’s advance is estimated at \$2,060, and the administrative expense is estimated at \$63,000 for a total project cost of \$375,294.

The cash grant Developer’s Agreement requires that the developer create improvements with a minimum assessed value of \$950,000 not later than January 1, 2020. Construction is expected to occur during 2015 and 2016.

The Project Plan includes a worksheet that demonstrates the tax increment to be in the \$20,000+ range each year during the life of the TID. The future value of the increment is expected to be \$585,574.

Mr. Taves emphasized this will be a pay as you go cash grant of \$310,234. The cash grant will be equal to 25% of the incremental value of the final project, with unpaid amounts accruing interest at 3%. The TID has a closure date of 2035. If the minimum value is not hit, there will be no incentive paid out.

Mr. Taves said the action before the Council tonight is to adopt a resolution establishing the boundaries for and the creation of TID No. 3.

Council Member Reimer asked if all taxing entities will receive tax money until the TID is closed in 2035. Mr. Taves confirmed this.

Council Member Reimer asked if the payments to the developer will begin after the buildings are built, and after 2035 the amount of taxes that will be received will increase to \$24,000+. Mr. Taves confirmed this, and stated all taxing entities will receive tax dollars.

Council Member Reimer said that if there was not a TID and no development on the parcels, the City and taxing entities would not see these monies.

Council Member Reimer asked if there is any additional exposure to the City.

Attorney Herbrand confirmed that if the \$950,000 increment value does not occur, the developer will not receive the incentive. This is a pay as you go grant, meaning the developer will be paid out on the ongoing increment.

Council Member Czarnecki said that he has not seen project costs or revenues. He said he would like to have seen the Council ask for this a year ago when discussions began.

Council Member Radtke said this is an economic development tool the City will likely continue to use in the future.

Council Member Czarnecki suggested there be an education program for the residents on TIDs. He agreed this tool is likely to be used again in the future.

Council Member Thome said there are a lot of details involved in TIDs, and agreed the Council could better educate the residents.

Ms. Mongoven asked what is known about the soil contamination problem.

Mayor Kinzel said there is some level of contamination on the site. The site meets the criteria for a blighted site.

Council Member Czarnecki said the developer will have to cover the costs to remediate the site. Once this is done the contamination problem will go away.

Ann Denk, W62 N598 Washington Avenue, agreed the community needs an education on TIDs; however, the expense should not be borne by the taxpayers.

Lynne Buehler, W52 N844 Castle Court, asked what the criteria is for a blighted area.

Council Member Reimer said it means there is pollution that is not instantly removable.

Mayor Kinzel said the idea of the TID is to get something built on these downtown parcels. This will only help other business owners. But for this incentive, Mayor Kinzel said the developer, Greg Zimmerschied, will not develop the two parcels. The TID will benefit the community as a whole.

Council Member Radtke said TIDs have been and are being created all over the State. Many other communities are embracing the idea.

Council Member Reimer said the TID is cash neutral for the City and will not be a financial risk to the City. He said TIDs do work.

Council Member Thome said the parcels are green space now, but if they remain green space additional tax revenue will never be generated.

Ms. Denk said residents do not understand how TIDs work, most residents do not agree that “but for” this incentive the parcels would not be developed, and many residents feel the Council is giving the developer a gift.

Mayor Kinzel said there have been many opportunities for people to educate themselves and attend meetings. There have also been several newspaper articles and editorials about this TID. He said that he has received more positive calls than negative calls. He said it really comes down to a difference of opinions.

Council Member Thome said many people are in support of the project, some people have no position on it, and others may never be in favor of it.

Economic Development Board Member Chris Smith said he has heard of a lot of new things tonight. He said the public has not taken the initiative to get educated. There was information in the *News Graphic*. He said taxpayers are not subsidizing this TID. Much of the criticism has been hearsay. There is nothing shady or illegal about this. The Economic Development Board unanimously endorsed the creation of the TID No. 3.

Economic Development Board Member DJ Burns said the City's financial advisor has said the site meets the definition of a blighted area, and he, as an engineer, believes the same. The WI DNR has a database of contaminated sites. These two parcels are included on this list. This site has not been remediated. He said communities of various sizes have been using TIDs successfully for 30 years. The TID projects have also been of various sizes. He opined this TID will have the desired effect of increasing the value of the site and surrounding properties. TIDs are not new or a novel concept. The City's Smart Growth Comprehensive Plan – 2025 contemplates the use of TIDs as an economic development tool. He urged the Council to give serious consideration to this TID.

Motion made by Council Member Reimer, seconded by Council Member Radtke, to approve Resolution No. 2014-16 approving the Project Plan and establishing the boundaries for and the creation of Tax Incremental District No. 3, City of Cedarburg, Wisconsin.

Council Member Filter said that although he feels the time period of the TID is too long, he will vote for it.

Council Member Radtke said that he appreciates all the comments that residents have made.

Council Member Czarnecki said it seems like people do not like to listen to Council Members on this side of the table. Although he was previously against the TID, he has heard enough information to change his mind.

Council Member O'Keefe said that he too was originally against the TID. The more he educated himself and the more he talked to others, the more he realized this is a no brainer.

Council Member Thome said that she too appreciates all the comments. She said there is probably a clearer way to communicate to the residents and she will do what she can to help further educate them.

Motion carried unanimously with Council Member Regenfuss excused.

CONSIDER RESOLUTION NO. 2014-17 DESIGNATING LIGHT & WATER CHECKING AND SAVINGS ACCOUNTS FOR ENSUING YEAR

Motion made by Council Member Filter, seconded by Council Member Radtke, to approve Resolution No. 2014-17 designating depositories for Cedarburg Light & Water for the ensuing year. Motion carried unanimously with Council Member Regenfuss excused.

CONSIDER RESOLUTION NO. 2014-18 DECLARING TO REIMBURSE EXPENDITURES FROM PROCEEDS OF BORROWING

Motion made by Council Member O'Keefe, seconded by Council Member Radtke, to adopt Resolution No. 2014-18 declaring to reimburse expenditures from proceeds from borrowing. Motion carried unanimously with Council Member Regenfuss excused.

PAYMENT OF BILLS

Motion made by Council Member Filter, seconded by Council Member Czarnecki, to approve payment of bills for the period 10/09/14 through 10/16/14, ACH transfers for the period 10/10/14 through 10/21/14, and payroll for the period 09/28/14 through 10/11/14. Motion carried unanimously with Council Member Regenfuss excused.

LICENSE APPLICATIONS

Motion made by Council Member O'Keefe, seconded by Council Member Radtke, to authorize the issuance of a new Operators' license for the period ending June 30, 2015 to: Bryan J. Price. Motion carried unanimously with Council Member Regenfuss excused.

COMMENTS AND ANNOUNCEMENTS BY COUNCIL MEMBERS

Council Member Filter said former Council Member Doug Yip received a heart transplant last Thursday.

Council Member Thome said she is sitting on the Cedarburg Merchants Association (CMO) as a volunteer. She reminded the Council that the CMO's annual Pumpkin Walk is this Friday, October 31.

ADJOURNMENT

Motion made by Council Member Filter, seconded by Council Member Radtke, to adjourn the meeting at 10:08 p.m. Motion carried unanimously with Council Member Regenfuss excused.

Constance K. McHugh, MMC/WCPC
City Clerk