Special meeting of the Common Council was called to order by Mayor Meyers at 6:00 p.m., in the Council Chambers, City Hall Plaza.

PRESENT: Michael Feirer, Brad Parks, Gerald Nelson, Tim Kraus, Jerry Bennington, Sr., Russell

Stauber, Donald Krueger, Ray Gougeon and Tom Buttke

ABSENT: Edward Beaudry, Jr.

The flag was saluted and the pledge given.

No items were added to the agenda.

The purpose of the special meeting was to discuss Stormwater Utility and to listen to the presentation by MACCI on Alternatives/Amendments to the Initial City Plan.

Barb Fleisner, Executive Director of the Marshfield Area Chamber of Commerce and Industry thanked the Council and City leadership for the opportunity to engage in discussion in the Stormwater Utility issue. They are not critical of the City taking a look at alternative sources of revenue. Businesses do this on a daily basis. It makes sense and some that seem to make sense are implemented. Others after a thorough analysis are dismissed. When they don't seem to fit the business organization or they don't seem to fit the community. The process is healthy and there will probably be many more debates on other alternative sources of revenue and that process should continue. On behalf of the MACCI Board, they do value the working relationship they have with the City and Council. She discussed their 60-day analysis of the stormwater utility. They met almost every Friday over the last 60-days. Their earlier decision to oppose the stormwater utility that was expressed by their Board of Directors earlier this year was not rubberstamped. Every single meeting, they debated if they were heading down the right track. What other options should they be looking at? Should they be reversing their opinion? Should they be looking at other alternative sources? What else should they bring to the table? Several options were explored and evaluated. As they looked at the study, they feel that the creation of a stormwater utility would be a step in the wrong direction. They respectively request the support of the Council to not create the stormwater utility but leave those associated costs as part of the general tax levy.

Jeff Wick with Wick Building Systems said that Marshfield has a very proud history in factory built housing. In 1988, they began a long process of investment. Over the years since then, they calculate that they have invested something around \$20 million dollars in their production facilities, buildings, equipment, annual capital budgets here in Marshfield. They are very proud to be a part of this Marshfield economic community. Their employees are a tremendously critical part of their base. All of this however, the commitment to capital investment, changing of processes and the way they do everything has put very significant pressure on them as a company and on their profits. Their profits are plowed back into the future of Marshfield, their workers and the distribution network all around the State and adjacent States where their homes are sold. Their property tax bill for 1988 was \$27,200. In 2003 that bill was \$227,000. They do not have a problem with that. That increase came from the investments that they made to be competitive in a very changing market place. In those figures is a very important concept for the City to examine because it is their growth more than anything else that has generated that increase in what they pay in property taxes in Marshfield. It is important to continue that process of growth. They cannot in any way talk about that they would leave this community or make major changes because of this stormwater utility. But it is his understanding that the impact on Wick Building Systems of doing this with a stormwater utility is approximately \$39,000. In the grand scheme of things, it is not a massive amount of money but it is

part of a total picture. It is absolutely critical to emphasize continued growth by companies like theirs and others being attracted to Marshfield. Hopefully in that, we can generate the revenues needed to do the things that the City needs to do.

Dan Helwig, MACCI President talked about storm water utility costs. The current proposed storm water fee is based on the need to generate \$1.4 million in revenue to cover the costs of running a storm water utility. They looked at what way they could potentially lessen the impact to business. He talked about the 5 year CIP for \$430,500, which is part of the \$1.4 million. Would Marshfield businesses realize a return on their investment? The majority of the projects were projects that dealt with aging stormwater piping in existing streets that would need to be replaced. Also the other issue are problematic areas presently in the City that need some type of stormwater sewer system. The question is, should business be a part of resolution to those issues? Or is it not any different then whether it is a homeowner or business to pay through special assessment the new utility in front of their valued property. After discussing this with the MACCI Board and the MACCI leaders, they felt that it really needed to be handled in terms of special assessments. When it comes to the other issue of the Fairgrounds, here is a \$1 million dollar project that is going to need to take place. The City owns 71% of the fairground property and the Fair Association owns 29% of the property so who is the benefactor? Is business the benefactor? It appears that the City residents are the benefactors so then this project should stay on the tax roll. If you take the \$430,500 out of the \$1.4 million dollars, that would be about a 30% reduction. The study committee strongly felt all CIP projects should be left on the tax levy.

Russ Reis of Marawood Structures talked about the fee calculation. During the course of their meetings, they looked to see if their was another way to do a user fee calculation and have it legally defensible. They talked about a number of different ways to do that. Should they be including city streets? Should CIP projects be part of that? Should they include both pervious and impervious lands in the calculation? He prepared some spreadsheets that illustrated the effect that it can have on user fees. He was part of a committee and it was their charge to come up with the alternative formulas and calculations. It doesn't mean that this is their primary option or alternative. They are still in favor of keeping it on the tax roll and not making it part of a separate utility.

Mr. Helwig said that when they started looking at the way the stormwater utility was set up without some key elements, it was MACCI's position that it was not inclusive enough. There was a report that Earth Tech had presented to the original task force to study this. In that report it talks about the relationship of imperviousness and stormwater. There are several factors that influence the amount, rate and quality of stormwater runoff generated by a particular parcel of land including parcel size, soil type, topography, position in the water shed and amount of impervious area. The utility that was being suggested by Earth Tech used one of those factors and that was impervious area. That is the way the other communities are doing that. Is that the fair way to do that? No. In the presentation made by Russ Reis, they were looking to be more inclusive and more fair than other communities.

Shannon Nienast of Wisconsin Homes talked about Option 3 - Phase out the Utility. This addressed two major conflicts in concept. First the MACCI concept that a long-term stormwater utility would be detrimental to the business growth of the community. The other concept that there really is a problem. There are state aid cuts and stormwater regulations coming down from the State and there is some money needed to handle those situations. This idea basically was trying to buy some time in figuring out a better solution budget wise to those examples. This option is to create a short-term utility to help cover the state aid cuts and then phase the utility out. The utility would exist for three

years to give the city a chance to get their budget adjusted. This option is listed because the city budget problems seem to be the real problem faced by the city, not the need for a stormwater utility. A lot of discussion was brought out during their task force meetings regarding how the nonprofits would be affected. It hits them in two different ways. First they get the charge for impervious area and then on the backside, they also get hit because they rely a lot on charitable giving from the businesses. Thus, if businesses are forced to give more to the city, nonprofit organizations will not only be hurt by large utility fees but also decreased charitable giving. The bottom line is, a long-term stormwater utility would devastate economic growth in the community and hurt nonprofit organizations.

Option 4 - Charge by Street Frontage. Stormwater and street maintenance seem to be closely related because storm drains are built into the street. Thus, a charge by street frontage makes sense. This seems to have enough merit so it should be looked into further.

Administrator Brehm commented that in Option 3 the statement is made "that the utility made sense because it would create the illusion that property taxes would go down. Yet there has been no commitment from anyone that this is the case." In May of this year, he presented to the Common Council some documents that showed specifically that the tax levy and tax rate would go down if a stormwater utility were created. That was not an illusion. Events that would happen subsequent to the creation of a stormwater utility, such as annual increase in operating cost and so on are going to happen regardless of whether or not a stormwater utility would be created. Some of the other factors that complicate this is that when residents receive their tax bill, it is a combination of five different taxing entities on that bill. A lot of residents have made the comments that after looking at just the bottom line that their taxes have gone up and shame on the city because they said that they were going to go down. We have no control over the other four taxing entities.

Also in the same paragraph the following statement was made, "Numbers show however that even with help from nonprofit organizations, the business community could see total annual city charges increase 50%." What basis was used to make this statement?

Mr. Nienast responded that they used Wisconsin Homes as an example. They figured it to be a 50% property tax increase to their organization. Similar businesses to their size in the same situation should be similar. They pay so much in property taxes now. Then with the property taxes and the stormwater utility added together, that would be about a 50% increase.

Mr. Brehm responded that there are enough differences throughout the community that using a blanket statement like that is perhaps not pertinent to the majority of those individuals and businesses throughout our community; although there are some significant increases amongst the manufacturing and industrial. Part of that reason is that in the manufacturing and industrial there is a lot of unimproved land but it is impervious.

It was also stated in the document that "The bottom line is, a long-term stormwater utility would devastate economic growth in the community and hurt nonprofit organizations." In those communities that have created a stormwater utility, he is not aware of any one of those communities in which their economic growth has been devastated. What basis was this statement made on?

Mr. Nienast answered that this could go back to business growth. This stormwater utility would not have an immediate impact. Regarding Wisconsin Homes, over a 20-year period of time their

decisions might be affected by that. He is not sure if they have an answer to this question. He doesn't know how long the stormwater utilities have been in these other communities. But they still feel it would hurt businesses.

Mike Hoehrl of Automated Products presented Option 5 - Leave on the Tax Levy and Implement Budget Cuts. Right now the stormwater utility is a hook for an alternative source of raising funds for the city. Then there is the coincidence that the projected shortfall in the 2005 budget is a \$1,472,050 and the utilities projected budget is \$1,405,000. Maybe that is a coincidence. This looks like it is as much a money issue as it is a stormwater issue. The reasons that have been given to justify the creation of a stormwater utility do not stand up to scrutiny. It has been said that creating a utility is a fairness issue because businesses are the largest generator of stormwater runoff. The numbers used to justify this conclusion were based on measurement of only the impervious area of the city and they did not include the streets and alleys in the city. Whether you measure the impervious area including the streets and alleys or the pervious area is figured into the peak flow rate calculation or changing an area from pervious to impervious increasing both the peak flow rate and the total volume of runoff, city government is the largest generator of runoff. It has also been said that a utility is needed to finance the costs of meeting new State and Federal requirements for stormwater management. The new stormwater requirements are phased in, with the first phase in 2008 and the second phase in 2013. The consultant has acknowledged that the city probably is doing almost everything it needs to do as far as increased activity to meet the requirements of 2008. The proposed budget figures for the utility show increased stormwater management expenses of about \$100,000 per year. The \$1,450,000 per year the proposed utility would raise is not needed to cover a \$100,000 per year increased cost. Before a decision is made on what money is needed for this year, there are new numbers that need to be looked at. Based on numbers that he received from the Finance Director that the anticipated increase in debt service cost this year will be significantly less than the original \$200,000 estimate. The growth assumptions, he does not have a number on what the new assessed valuation in the city will be but he has some figures from the State of Wisconsin Department of Revenue which shows that the city equalized valuation is up 19%. This is an indicator that we had a substantial increase in valuation locally. A substantial part of that is the clinic. That should give us some room as a community to maneuver without looking for a source of revenue that is going to have a negative impact on some of the core of the community's economy. Because of all the reasons stated, they can't come up with a better alternative than keeping this on the property tax roll.

Administrator Brehm commented that Mr. Hoehrl had indicated that it was a coincidence that the \$1.4 million dollar shortfall for next year really was a coincidence in that it was real close to the cost of the stormwater budget of \$1.4 million dollars. And that it perhaps coincided just conveniently with the 2005 budget process. In 2002, the Common Council directed staff to begin the process of looking at alternative revenue sources. In January of 2003, the Mayor and Common Council approved the task force to do this. On those two dates, there is no way that he would know that this was going to culminate this evening as part of the budget process for 2005. All of the reasons that Mr. Hoehrl summarized as to why the utility is being look at are true. The initial emphasis is looking at alternate sources of revenue. There was a statement made that "creating a utility is a fairness issue because business is the largest generator of stormwater runoff." Creating a utility is a fairer approach in allocating those costs and establishing a fee rather than based upon use of land. It was also indicated that the percentage of tax-exempt properties would begin to contribute towards this service. To some degree it is an equity issue. They are being provided this service and they are utilizing this service. It is only fair for them to pay that. Tax-exempt organizations do make a significant contribution to our community but there are other taxable organizations in our community that also

make a significant contribution to our community and they are supporting the tax-exempt organizations. The statement was also made in the report that "the proposed utility would raise nearly \$500,000 in 2005, nearly \$1,000,000 in 2006, and \$1,450,000 in 2007 and after." You are basically taking the capital costs and accumulating them over that three-year period of time. It is not a matter of accumulation of those revenues. We are spending those revenues on an annual basis for capital improvements. We are not accumulating them to meet the standards. In regards to the city's growth, a significant amount of that is a result of a court ruling in regards to the clinic property and that now it is taxable property. In the past it was exempt. When you factor that property out, our growth is going to be approximately 8%. Regarding the numbers for indebtedness, the difference from what Mr. Hoehrl was talking about is the growth in our indebtedness obligations for next year as compared to this year. We also have some overdrafts in our fund balances that we need to meet. So that difference between the \$200,000 and the \$60,000 represents some fund overdrafts that we have to cover. The projections that he makes in May are very preliminary, things change. When the budget is presented to the Common Council in October, updated numbers will be used.

Recessed at 7:55 p.m. Reconvened at 8:10 p.m.

Mr. Helwig said that after further analysis there seems to be an incredible amount of inequities. Some of those are:

- Exclusion of all pervious land inside the city such as the lawns, fields and waterways. These should be included to be fair.
- Exclusion of the city streets. These should be included in the impervious surfaces.
- There needs to be adjustments made in the formula to have the larger residential homes in our community pay for more impervious materials.
- Adjustments in the formula for smaller homes.
- We are only using one of the five factors. We need to incorporate the other four portions which are parcel size, soil type, topography and position in the water shed. True fairness can not be reached unless these four items are included.

There will always be inequities and therefore fairness is really unreachable. The measure of unfairness tallied for creation of a stormwater utility significantly outweighed the measure of unfairness generated by stormwater if we left it on the tax roll. There is more unfairness if the stormwater utility is created than if left on the tax roll. There 612 members along with the MACCI Board of Directors overwhelmingly voted to support the concept of fiscal responsibility, growth in our community by encouraging economic development to prosper and help us resolve our budgetary shortfalls and lastly voted no to the stormwater utility.

Administrator Brehm commented that in the summary section of the report it states, "We oppose the creation of the utility since we feel that in the long run it will mean increased fees and taxes for everyone within the community." How will this be increased taxes for everyone in the community?

Mr. Helwig responded that this is not a proper assessment. Not everyone will have an increased fee. This is certainly going to depend on each and every situation.

Mr. Brehm said in the second paragraph it states, "Although individuals may initially save a small amount of money as a result of the proposed tax levy decrease, we feel that the indirect costs within the community will equal or exceed any benefits derived." He asked that the indirect costs be defined and how they would exceed any benefits derived.

Mr. Helwig answered that it is hard to give specific examples because they really don't know the impact. The issue that they are facing here is that they can quantify the numbers and the cost to the businesses but what the impact is going to be, they do not know.

Mr. Brehm stated that in the last paragraph it states, "We feel that the City of Marshfield must be proactive in trying to keep our current businesses and recruit new ones. Being proactive does not include the creation of an additional form of government." The City is proactive. We have come a long way in how we operate. We are the pride of Central Wisconsin and that is attributable to the community because it is a community effort, it is the Common Council, staff and the businesses we have in our community. This is not a creation of an additional form of government. A stormwater utility will be managed by the same people that we currently have to manage that service. The ultimate decision from the policy makers will be the Common Council. When you consider a change like this and the magnitude that it has, there are always going to be those individuals and businesses that are going to benefit and there are going to be those that have to pay more. Is that fair? Probably not. The decision to create a stormwater utility is based upon the entire community and not just those at this meeting. The decision should be based upon the fact that if it benefits the majority of our community than it is the right decision for our community.

The creation of a stormwater utility is going to be providing the same service that already exists. We already have the manpower and equipment to do that. In the \$1.4 million dollar budget with the exception of the administrative fees for collection, inspection and billing, there is no additional staff or equipment budgeted for. We already have that and are providing that same level of service.

Jim Bachhuber from Earth Tech said that the concept of a credit is an integral part to any utility. It deals with if a private landowner does something to their property that can reduce the impact of their cost and stormwater on the municipal system then that cost should be and can be deducted or adjusted to their rate. The method of credit calculation looks at what the fee is made up of. The stormwater fee, no matter what the numbers are, accounts for a lot of different types of activities. Some of them are overhead cost, administrative cost, permit compliance cost, capital cost and storm sewer maintenance cost. When somebody puts a detention pond on a property, it can help reduce a couple of things. It can reduce the rate of flow, it generally does not reduce the volume of water and it may or may not reduce pollution to that system. If it reduces the rate of flow, it helps alleviate some of the costs to the municipality for that component of the stormwater fee. When they looked at the budget, they came up with about 64% of the budget is attributable to flow management type work in the city. So if a flow control device were installed that met the criteria of the credit, than that 64% should be taken off of their fee.

Alderman Kraus felt that the fairest way to do any fee or tax is that they are charged on what they cause or what they do. He sees the importance of cleaning up the stormwater but if this is going to be looked at to be instituted than we need to measure all types of land similar to what Madison does.

Why should the streets not be left on the tax roll?

Director of Public Works Knoeck responded that there is no magic answer. The underlying reason is that the streets are part of the conveyance system.

Administrator Brehm added that a portion of the cost to maintain streets will be continued to be paid for by tax levy. A portion of the street maintenance budget has been allocated to the stormwater

utility to reflect that portion that is providing the service. It is a part of the infrastructure that is providing the service.

Mr. Bachhuber also added that the fees that are collected from the utility are not paying for street repair costs. They are paying for the storm sewer, curb and gutter and inlet costs. Other sources of revenue will cover the repair of the asphalt and driving surface and things like that.

Alderman Kraus asked why they can't couple that along with the stormwater runoff that they produce and just take them and leave them on the property tax and be able to charge everything else out as an ERU. Actually per square foot of pervious versus impervious is the way he would like to see it.

Mr. Bachhuber clarified a statement that was made by Mr. Helwig regarding the whole fairness issue and the measurement of impervious area and using that as your criteria. Mr. Helwig referred to the five components that go into generated runoff and characteristics that go into that. What wasn't brought out is the justification of why the impervious area is by far the most significant issue when it comes to measuring or correlating runoff to a piece of property. It is the amount of impervious area that is the primary driving factor for the cost of stormwater facilities such as storm sewers, ditches and detention ponds. The other four factors were not ignored. There was a conscious reason why they stuck with the impervious area measurements. When it comes to equity, he has no qualms about that being an equitable measure of runoff impacts.

The date of 2008 is a target date set by the stormwater permit, which will be issued next year for a certain amount of control practices that have to be in place. You will have to have those in place whether you have a utility or don't have a utility. You have to pay for those control practices either through property taxes, utility fees or some other revenue source. There are two target dates, 2008 and 2013. It does not mean that you do nothing until 2008 or 2013. Those are out there because the State wants you to be doing things so that you reach those targets in a reasonable fashion. So you do work throughout that process to install practices and meet those targets for pollution control.

Comments were heard from the following individuals:

- Glen Carolfi with G & D Wood Products. He has heard from the aldermen that they need to get a response back from the people. What are all of us at this meeting?
- Rick Roehl with Roehl Transport. He is opposed to the utility. Regarding fairness, the \$811,000 that is part of \$1.4 million is allocated for maintenance and operations. This includes the street sweeping, removal of the snow, etc. If that is going to be allocated by the area that you have that is impervious, that is not the right way to do it because those costs are directly generated by how much street frontage you have. This is a circular fee. Retailers will have to add this as a cost of doing business here and so the customers will have to pay that. We all benefit from the things that we have and we all use the things that we have. It doesn't seem right that just because you have parking lots and rooftops that you should be paying more. We need to encourage investment in this city so that we don't have to spread the cost of the city among a smaller tax base. We need to make it attractive to come to Marshfield and to expand in Marshfield.
- Jolene Sternweis of 1708 E. Upham Street. She opposes the proposed stormwater utility. There is no equality or cap on this rate. The way she looks at paying school taxes is that she is not paying school taxes for her children, she is paying school taxes for when she went to school. Citizens do not understand this, the message is not getting out there. She conducted a survey and only 9 people would not sign it and 87 people did sign.

- Lori Gropp of Automated Products and Engineered Building Systems. She is opposed to the creation of a stormwater utility. The economic risks associated with this far exceed any benefits. Is concerned about what the creation of this utility could do to the City of Marshfield.
- Terry Rusch a member and part of the leadership of Immanuel Lutheran Church and School. Their income, contributions that they rely on to pay for most of their budget is fixed. They can not pass on fees, it is what is voluntarily given. Over the last three years or more it has been flat. They have not had increases to offset inflation increases. They have worked to control the water runoff in working with the city.
- Dave Swenson representing Zion United Methodist Church. Church properties have always been tax exempt. Many of their members live in the City of Marshfield and have businesses in the City of Marshfield. If this taxation is passed you are not only taxing their business but also their house of worship. He also sits on a Town Board. There are some shared services that they can get and share. It would be a benefit to the City of Marshfield and the Town of McMillan.
- Paul Meier commented that he is opposed to the creation of a stormwater utility. He explained how this is impacting them as they try to open a new business in town. People are afraid to develop their properties in a way that might convert it from pervious ground to impervious ground, raising their fees and liabilities to the city.

Alderman Parks said that as a Common Council they need to do what is in the best interest for the City of Marshfield. At the present time they have invested a large amount of money in an economic development effort. They need to answer the question, "Is the stormwater utility at the present time, with vacant lands in industrial parks, the right thing to do?" He agrees with the stormwater utility on a lot of levels, just not right now.

Alderman Kraus would like to see some numbers giving them some comparables if the streets were taken off of the computation and the number of ERU's equivalent to the streets were taken off. What would that do to the overall ERU? Then maybe you could allow MACCI to distribute what those factors would be.

Alderman Nelson would like some information on where the city is with the 2008 requirements from the DNR. Do we exceed it or how close to exceeding it are we?

Motion by Parks, second by Nelson to adjourn at 10:02 p.m. **Motion Carried**

Deb M. Hall City Clerk