

**NOVEMBER 15, 2004**

Special budget 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, Tom Buttke and Edward Beaudry, Jr.

**ABSENT:** None

The flag was saluted and the pledge given.

Chairman Bennington of the Finance, Budget and Personnel Committee assumed the chair.

### **CITIZEN COMMENTS**

Robert Foltz of 1108 Weister Ct. spoke in opposition to putting the Public Fire Protection Charge on the utility bills. PFP becomes an expense to the city like street lighting, snow removal, garbage pickup, etc. There are approximately 556 water utilities in Wisconsin. Presently about 80% of these utilities still recover the PFP charges through the tax levy while only 20% of them recover a portion, some or all of this costs through direct charges placed on water user's bills.

Don Zais of 425 Wildwood Ct. spoke about the need for a Coordinator at the Senior Center and how Kelly Cassidy plays a major role at the Senior Center. He was concerned to see that Kelly's position was being considered for elimination. The Senior Center needs her now more than ever due to the loss of funding for the coordinator's position.

Jim Wein of 1619 S. Hemlock, a member of the Parks and Recreation Committee spoke about the increased responsibilities of the Parks and Recreation Department. The taxpayers of Marshfield would not want to see these facilities and programs go by the wayside or falter because we don't have proper supervision and maintenance. Recreation activities do not just happen. They are provided for, carried out and supported by this department. They are a team and we need this team.

Rick Marks of 1222 E. 28<sup>th</sup> Street. He spoke in support of retaining the three positions in the Parks and Recreation Department. All of the other things that go into youthful activities, there is a new standard of care now. You can't do it with part-time people. You need to have someone there on a consistent basis. Also the Parks and Recreation Committee was not advised that something like this was going to happen. He thought a committee structure was to provide information to the Council on how we provide change.

John Scheuer of 513 N. Chestnut Ave., President of Marsh 21 also spoke in support of the three positions in the Parks and Recreation Department. This department should remain as it is today. You have to look at personnel as being the jewel of your organization and to keep the programs that we have today as they are.

Ron Dielmann of 301 W. 17<sup>th</sup> St., President of the Wildwood Park Zoological Society. He supports the Parks and Recreation Department. He doesn't see how they can even consider eliminating these three positions.

**Review of Sick Leave Policy #3.520**

Administrator Brehm explained the sick leave policy. Basically a non-represented employee accumulates one day of sick leave credit for each calendar month of service for a maximum accumulation of 120 days. The intent of the current policy is to allow employees to use the accumulated sick leave in the event of personal or family illness. When the employee leaves the city that employee is eligible to have all of the equivalent dollar value of the eligible unused sick leave deposited in the Post Employment Health Plan (PEHP) to pay for future health insurance premiums. To be eligible to participate though, the employee must have worked for the city for twenty consecutive years and also be eligible and accepted to receive an annuity under the Wisconsin Retirement System or disability. If an employee does not meet the criteria at the time of retirement or leave from the city than that sick leave is lost.

Since the policy was enacted in 1980, the city has paid out \$54,735 to four employees.

He presented some comparables from the public and private sector. Typically in the public sector, we are comparable to other municipalities.

Two of the city's represented employee groups have annual sick leave pay out. In January 2004, \$36,144 was paid out to employees in these two unions for 2003 sick leave. Estimated amounts in the 2005 budget total \$57,143.

It is his recommendation that Policy #3.520 remain the same.

Alderman Stauber felt this was a very generous policy. Where he works, they have a couple of floating days and those are to be used for sick days. If they are sick longer than two days, they need to bring in a doctor's slip. There is no break in pay but it would be considered short-term disability. Why is it so different for a public employee than a private employee with regard to this sick leave policy?

Administrator Brehm responded that looking at some of the private sector comparables, they do pay for some short and long-term disability, which we do not have here. The public sector, at least with the six represented bargaining units, that is typical sick leave language. The Common Council wanted to treat their non-represented employees similar to the represented employees. That is basically where we are at today.

Alderman Nelson says that he sees the value to the sick leave pay out which goes into a health plan in this particular case. Sick leave is a tremendous drain on the city if we don't control it and we don't give incentives to accumulate it. So often, so many people will burn their sick leave when they get a balance of a day or two. As long as it is not cash in hand, he doesn't see where we are hurting ourselves because it is an incentive. If they don't build up their sick leave, they are not getting it over that twenty-year period.

Human Resources Specialist Baehr explained that there are two parts of the PEHP plan. The first part is an employee contribution. The employees are putting in their own money into that account in lieu of wages. The second part of the PEHP plan would be for the sick leave utilization. Those dollars can only be used for any health insurance premiums only. It doesn't matter where they get their health insurance from.

Alderman Stauber said that since this may not have an affect on the 2005 budget he still thinks that it would be worth reviewing at a future Finance, Budget and Personnel Committee.

### **Public Fire Protection Charge**

Administrator Brehm recapped certain aspects of the study that was done on the Public Fire Protection Charge. Basically the public fire protection charge is a charge that will exist whether it is on the tax roll or on the water utility bills. It is a method of allocating that cost a different way. Public Fire Protection Charges have gone up significantly over the years. There are approximately eight methods that are approved by the Public Service Commission of Wisconsin (PSCW) in which you can allocate the public fire protection charge on the water bill.

If you were to put the public fire protection on the water bill there are certain implications that that might have.

1. Collection from tax exempt properties
2. Impact on state payment for municipal services
3. Impact on state shared revenues and local transportation aids
4. City expenditure restraint program
5. Personal income tax impact to residential customers
6. Effect on revenue debt costs

Another issue to be considered in changing to direct billing is the cost to implement the new rates and maintain the new billing method. The estimated cost for implementation is \$5,000.

The change to a direct billing method has other effects on the water utility. The water utility might notice a slight increase in uncollectible accounts. However, unpaid PFP charges relating to taxable property may be placed on the tax roll.

He reviewed the eight methods that have been approved by the Public Service Commission. He showed the basis of allocation, primary advantage and primary disadvantage. There are 145 municipalities that have elected to directly bill customers all or a portion of PFP. The equivalent meter method was the most popular.

In the past, we looked initially at Equivalent Meters but the Common Council felt that this had too much of an impact on residential properties. Then he was asked to provide the Council with another alternative. They looked at the Madison Method, which shifted some of that cost perhaps unfavorably to commercial and manufacturing. The Common Council then asked him to try and find something in between. The Combination Method is something in between. It is a method using property values and equivalent meter method. It is more commonly known as the Wisconsin Rapids method. Wisconsin Rapids did implement this in 2003. Mayor Bach from Wisconsin Rapids sent a letter talking about this. He supports Marshfield's efforts to implement a change in the way the Fire Protection fee is assessed. Last year they moved over \$750,000 from the general tax levy to the Water Works and Lighting Commission billing without any major objections from the general public.

Alderman Kraus said that the Property Value Method is the one that he can support. It allows every resident and every property owner in the City to have a 22.7% reduction and yet we still capture the tax-exempts who are not paying now.

Administrator Brehm responded that he is a very strong proponent of the Property Value Method. But it is also one of the more expensive ones to maintain. At this point in time we don't have the values to regularly maintain the tax-exempt properties. We are in the process of gathering that information. In the interim what we are faced with is an increase in the tax rate that is unacceptable to the Common Council at this point in time.

He suggested that they implement it on January 1, 2005 using a method that is easy to set up and at the point in time that they have the data available for the Wisconsin Rapids method to implement that. Now if the majority of the Common Council would want to use the Property Value method it is up to their discretion.

Alderman Stauber asked what the impact would be if this were to remain on the tax roll?

Administrator Brehm responded that the levy would increase \$663,000, the budget would increase by that same amount and the tax rate would increase about 58¢.

**CC04-395** Motion by Buttke, second by Feirer to approve Resolution No. 2004-54, whereby the city will not pay water-related fire protection costs after December 31, 2004.

Administrator Brehm explained that the Wisconsin Rapids method, since it is not one of the approved methods, would require a hearing in front of the Public Service Commission. That will take approximately three months. Billing on a monthly basis perhaps the first billing would go into effect in the middle of March. Under the Wisconsin Rapids method and based on this resolution, the Utility would not receive any payments for public fire protection charge for January and February, which equates to approximately \$110,000 per year. As an alternative if you still want to pursue the Wisconsin Rapids method, in that interim period that the Utility use an approved method that is recognized by the Public Service Commission so that they would not have that lost revenue.

Recessed at 7:35 p.m.

Reconvened at 7:44 p.m.

Alderman Buttke amended motion CC04-395 to change the method to the Property Value Method instead of the Wisconsin Rapids Method.

Administrator Brehm said that based upon the amended motion because the property value method takes some time to develop that data, what he suggested is that the resolution be approved as is as far as an effective date of January 1, 2005. But in order to give staff here as well as at the Utility time to implement the property value method, that the resolution be modified to say that it would be implemented on July 1, 2005 and that in the interim the Utility would use the equivalent meter method for that first six months so that they would not lose a half of years worth of revenue. It would change the savings for the first year but once the property value method is implemented, you would then have a true comparison as to the amount on your water bill versus the amount of taxes that you paid.

Alderman Kraus commented that it would be easier to institute one method right in July than to have two methods get instituted.

Administrator Brehm responded that you could do that but what you would need to do than is add approximately \$333,000 back to the budget and the tax rate and tax levy would increase accordingly.

Lee Babcock, Office Manager at the Electric and Water Department said that there is a reason why there are only fourteen utilities in the State of Wisconsin bill based on property value. The reason for that is complexity and equity. It sounds good on paper to take a system that is supported by an Assessor's Office at the city to develop rates or values for properties and then to certify the tax roll. But to take that system and try to duplicate it at a Water Utility where the basis of billing is metering and volume, you are going to naturally run into inefficiencies. The majority of growth in methods in the State of Wisconsin is the equivalent meter method if it is going to be placed on the water bills.

Alderman Buttke amended his motion to change the effective date to July 1, 2005 and for the first six months leave it as is on the tax roll. The second concurred with the amendment.

Vote on motion **CC04-395 as amended**; Nelson, Bennington, Stauber and Beaudry voted Naye, rest Aye.

**Motion carried**

**CC04-396** Motion by Nelson, second by Kraus to reduce all out of state travel which equals approximately \$16,000.

Alderman Buttke said that there are advantages to allow employees to go to conventions and seminars.

Alderman Parks is concerned that we have some employees that might need to do some continuing education type things. Are there continuing education activities that take employees out of state?

Administrator Brehm responded that for some departments some of the education that they need to maintain their level of training requires them to go out of state.

Alderman Nelson said that we have to do something so instead of limiting it to just out of state travel, change the motion to cut \$16,000 from the travel allowance.

The second concurred.

Administrator Brehm stated that the travel budgets are spread throughout all of the cost centers in the city. So then according to the motion, he would prorate the \$16,000 amongst all of the travel budgets and reduce them accordingly.

Vote on motion **CC04-396 as amended**; Bennington, Krueger, Buttke and Beaudry voted Naye, rest Aye.

**Motion carried**

**CC04-397** Motion by Gougeon, second by Parks to reduce the budget by \$250,000. Beaudry voted Naye, rest Aye.

**Motion carried**

Alderman Buttke said that he doesn't want to cut the trucks at the city garage but he wants to change it so they no longer are able to take those vehicles home unless they are on call.

Administrator Brehm commented that first of all there is nothing in the budget specifically allocated to allow them to take those vehicles home. There is no dollar amount. What he suggested to staff is that at a future Board of Public Works meeting that the Board considers the use of city vehicles as to who takes them home, when, where and/or alternatives of car allowance and/or establishing a rate for business use of a personal vehicle.

Alderman Buttke agreed.

**CC04-398** Motion by Bennington, second by Buttke to add to the budget \$331,700 to pay for the public fire protection charge from January 1, 2005 - June 30, 2005. Stauber voted Naye, rest Aye.  
**Motion carried**

Recessed at 8:30 p.m.  
Reconvened at 8:42 p.m.

Finance Director Strey stated that as of the last approved change, the city's tax rate would increase 47.5¢ to \$9.73 which represents a 5.1% increase. Basically that is a result of three actions. A reduction in the levy of \$16,000 for the training; a reduction in the levy for \$250,000 in general; and adding \$331,700 based on the PFP implementation on July 1, 2005.

Administrator Brehm suggested some changes to the budget to reflect the detail of the \$250,000 that was cut from the budget. In some of these suggestions, there is a hope and a prayer that nothing goes wrong in 2005 for some of this equipment and maintenance.

**CC04-399** Motion by Gougeon, second by Krueger to concur with the Administrator's suggested changes to the budget to reflect the detail of the \$250,000 that was cut from the budget. Those changes are:

Airport	101.53510..5336	Committee Travel	\$ 600
	101.53511..5320	Advertising	\$ 1,000
Street Maintenance	101.53311..5250	Peach Ave. Lift Station Maint.	\$ 13,000
	101.53311..5312	Overtime	\$ 5,000
	101.53311..5351	Employer WRS on overtime	\$ 200
	101.53311..5352	Employee WRS on overtime	\$ 290
	101.53311..5353	Social Security on overtime	\$ 382
Sidewalks	101.53431..5240	Contractual snow removal	\$ 17,500
Snow & Ice Control	101.53312..5331	Equipment cost based on actual	\$ 30,000
Street Maintenance	101.53311..5117	Seasonal Staff Reduction (12 to 10)	\$ 10,000
Forestry	101.56110..5883	Tree Planting	\$ 15,000
Cemetery	101.54910..5840	From diesel to gas engine	\$ 2,200
Law Enforcement	101.52110..	Various	\$ 36,024
Administration	101.51412..5210	Contractual Services	\$ 442
Finance	101.51510..5154	Health Insurance	\$ 9,000
Various	101.various.5154	Health Ins. Reductions due to HRA	\$ 34,531
Planning & ED	101.56901..5857	GIS Implementation	\$ 18,500
Fire Protection	101.52210..Var.	Personnel & Training	\$ 8,700
Fire Prevention	101.52250..Var.	Personnel & Training	\$ 6,757
Parks & Recreation	101.Various		<u>\$ 40,874</u>
			\$250,000

Parks and Kraus voted Naye, rest Aye.

**Motion carried**

**CC04-400** Motion by Buttke, second by Beaudry to approve the increase of \$2,072 for Wastewater Utility, Vehicle Maintenance account #601.53615..5350. All Ayes

**Motion carried**

**CC04-401** Motion by Stauber, second by Parks to set the date of December 6, 2004 at 6:30 p.m. for the public hearing on the 2005 City budgets and authorize the Finance Director to publish the notice of hearing and proposed 2005 budgets, incorporating any previous budget actions of the Common Council. All Ayes

**Motion carried**

Motion by Stauber, second of Krueger to adjourn at 9:02 p.m.

**Motion Carried**

Deb M. Hall  
City Clerk