FINANCE, BUDGET AND PERSONNEL COMMITTEE
MINUTES OF MAY 6, 2008

Meeting called to order by Mayor Meyer at 5:30 p.m., in the Common Council Chambers, City Hall Plaza.
PRESENT: Alanna Feddick, Pete Hendler, John Spiros, Tom Buttke and Josh Hansen
ABSENT: None
ALSO PRESENT: Mayor Meyer, Alderpersons Wagner, Krueger and Feirer, City Administrator Brehm, Gary Gray and City Personnel (Keith Strey, Lara Baehr, Ed Englehart, Lori Belongia, Jim Schmidt and Deb Hall)

Nominations were held for Chairperson.

Alderperson Hendler nominated Alderperson Spiros.
There being no further nominations:

FBP08-050 Motion by Buttke, second by Feddick to close the nominations and cast a unanimous ballot for Alderperson Spiros for Chairperson. All Ayes
Motion carried

Alderperson Spiros assumed the chair.

Nominations were held for Vice Chairperson.

Alderperson Hendler nominated Alderperson Feddick.
There being no further nominations:

FBP08-051 Motion by Buttke, second by Hansen to close the nominations and cast a unanimous ballot for Alderperson Feddick for Vice Chairperson. All Ayes
Motion carried

FBP08-052 Motion by Buttke, second by Feddick to approve payroll in the amount of $702,295.06 and the bills in the amounts of $820,253.88 and $491,084.15. All Ayes
Motion carried

FBP08-053 Motion by Feddick, second by Hendler to accept and place on file the Monthly Position Control Status Report of April 30, 2008. All Ayes
Motion carried

FBP08-054 Motion by Hendler, second by Feddick to accept and place on file the Report of Personnel Actions of May 6, 2008. All Ayes
Motion carried

FBP08-055 Motion by Buttke, second by Feddick to approve filling the vacant Firefighter position in the Fire and Rescue Department. All Ayes
Motion carried

FBP08-056 Motion by Hendler, second by Buttke to approve the request to utilize the moving expense reimbursement for moving expenses and/or apartment rental for the Director of Planning and Economic Development in the amount of $2,799.45. Feddick voted Naye, rest Aye.
Motion carried

Discussion of 2009 Budget Parameters.

Administrator Brehm explained that the State budget approved a tax levy limit on local units of government for the years 2008 and 2009. For the city's 2009 budget the local tax levy cannot increase more than 2% or $223,577. This does not include any allowable indebtedness obligations. This percentage increase is the maximum allowable percentage increase, excluding debt. With those indebtedness obligations the maximum the levy could be increased is about $188,000. Appropriations for all state aids, under the approved state budget, remain the same as 2008 for the city's 2009 budget year except for general transportation aids. 35% - 40% of the City's general fund budget comes from state aids. Transportation aids are expected to increase 2.5% in 2009. The amounts that the city will actually receive may vary because of changes in the components of the formulas. The formula will not be run for the state shared revenue program but it will be run for the transportation aids and expenditure restraint program. In 2008 the city is expecting to receive $4,727,968 under the state shared revenue program, $638,165 under the expenditure restraint program, $1,147,410 for transportation aids and $260,143 for connecting highway aids. He used an increase of $35,189 in major state aids in his projections. Estimated increases in the city's assessed valuation (1.50%) will provide an estimated additional $173,131 in local property taxes without changing the city tax rate.

On the expenditure side, personnel costs are estimated to increase by 3% next year, or $317,240. An increase in insurance premiums is also expected. This increase is estimated at 15% for health and 5.3% for dental. Indebtedness expenditures are estimated to decrease $16,750. Increases in utility costs and gasoline/diesel fuel are estimated to be $185,000. Electric and water rates are not expected to increase. Potential court settlements are estimated to be $200,000. There is a $13,000 unfunded state mandate which represents an increase in the state's recycling fee.

The current tax rate is $9.87 and the projected new city tax rate at levy limit cap would be $9.88.

These are very preliminary numbers based upon the best information he has to date. This data will change as it gets closer to the end of the year.

His recommendation would be to approve 2009 budget parameters that will permit a levy that will be the maximum allowable under the state imposed levy limits. A reasonable annual increase is more acceptable than periodic spikes in the tax rate.

Alderperson Buttke doesn't want anybody to think that he wouldn't want lower taxes but you have to look at the reality of it. We are talking about services being cut if we don't be responsible and look out for the future. You can hold the line and hold the line and then all of a sudden you are going to have a big year where it will need to be raised.

Alderperson Spiros said that the economy is not growing. We need to try and keep the levy where it is at without a tax increase.

Alderperson Hendler does not want to disrupt or be part of disrupting any major service in the community however we need to do as much as we can without getting to that point. He would like see the Administrator and staff take another look at the suggested parameters and tweak it a bit more and provide the information at the next Council meeting.

Administrator Brehm responded that the numbers are not going to change in a week. These are very preliminary estimates. They can certainly tweak it from the aspect of the dental and health insurance because he knows what those estimates are and it looks like it would lower it to some extent. Based upon a 1.5% increase in growth, the levy could be raised $173,000 without changing the tax rate. It is not unreasonable to have that increase in growth help offset the cost in providing services.

Alderperson Feddick said that as a Council they are going to have to go through each of the parameters that were proposed and vote them up or down.

FBP08-057 Motion by Feddick, second by Hendler to disapprove a parameter that would permit a levy that would be the maximum allowable under the state imposed levy limits.

Administrator Brehm responded that the allowable levy limit increase pretty much equals what the levy would be if we were to take the taxes on the additional value increase. The rate would stay the same.

Alderperson Feddick said that a parameter is a parameter. A parameter is a base line where you start at and this is where we start and if the Administrator comes in and says that there is no way we can do this to provide the same service than we vote as a Council to get rid of a service, cut back a service or whatever needs to be done or increase it.

Vote on motion **FBP08-057**; Buttke voted Naye, rest Aye.
Motion carried

Administrator Brehm said that one other aspect that has been discussed in the past is levels of staffing. When do you cut levels of staffing? You need to have and go through a process of evaluation, similar to what is done now for adding new positions.

Mayor Meyer commented that the morale of the employees is noticeably poor. They are afraid that they are going to lose their jobs. One of the problems with cutting jobs at budget time is that you look at it as a line item. But it is more than that because when you have an employee doing something there are projects that are going to be worked on other items in the budget are impacted when you cut that position. At budget time there is not enough time to evaluate all of that. The position is cut from the budget but the people are still being charged taxes on projects that may not be done or rolled over to another year because you don't have the staff to do them. We need to be proactive and think about it now. Make the recommendations and ask the questions now and if you feel that there is a need to make a cut we make that very clear up front so department heads know that's what's going to happen come budget time and they can plan and budget for the department accordingly. It is not fair to anybody including the citizens who are paying the taxes to do this on the last end of the budget cycle and just cut a position.

Alderperson Feirer said that a policy needs to be created on how personnel will be handled and how they are eliminated or added.

Alderperson Wagner talked about having some kind of consultant and staff that would report to the Council that they could work with so that they could make an objective decision. They could arrive at a decision on staffing levels that would be sound and would be fair to the employees and taxpayers and that they could make some sound budget judgments on.

Administrator Brehm responded that this same discussion happened back in 2002 for the same reasons. They wanted an independent, objective evaluation of staff. This was done. They had a report in 2003 from Public Sector Personnel Consultants. This report has not changed significantly since it was recommended to the Common Council for their consideration. Subsequent to that, staff has been cut in different areas and divisions. You can have another independent evaluation but you need to have a firm that is qualified to do that evaluation.

Administrator Brehm will come back to the next Finance meeting with some estimates from qualified firms and also the cost of the study that was done in 2003. He will also supply a copy of the Public Sector Personnel Consultants Report to the Common Council.

Motion by Feddick, second by Buttke to adjourn at 6:50 p.m.
Motion carried

Deb M. Hall
City Clerk