

**FINANCE, BUDGET AND PERSONNEL COMMITTEE**  
**MINUTES OF JUNE 17, 2008**

Meeting called to order by Chairperson Spiros at 5:30 p.m., in the Common Council Chambers, City Hall Plaza.

**PRESENT:** John Spiros, Alanna Feddick, Pete Hendler, Tom Buttko and Josh Hansen

**ABSENT:** None

**ALSO PRESENT:** City Administrator Brehm, Gary Gray and City Personnel (James Schmidt, Roy Dolens, Keith Strey, Lara Baehr, Brenda Hanson and Lori Panzer)

**FBP08-063** Motion by Buttko, second by Hansen to approve payroll in the amount of \$694,024.10 and the bills in the amount of \$1,208,534.22 as recommended by the Finance Director. All Ayes

**Motion carried**

**FBP08-064** Motion by Feddick, second by Hendler to accept and place on file the May 2008 Treasury Report.

All Ayes

**Motion carried**

**FBP08-065** Motion by Hendler, second by Feddick to accept and place on file the Report of Personnel Actions of June 17, 2008. All Ayes

**Motion carried**

Fire Chief Schmidt reported that city staff has met on a number of occasions to discuss the funding options for six (6) additional firefighters in the Marshfield Fire and Rescue Department. The options discussed included funding these positions through the annual budget process and/or application of funding assistance through the participation of a grant process. The funding option chosen was the application of a grant through the Federal Emergency Management Agency.

**FBP08-066** Motion by Hendler, second by Buttko to recommend approval of Resolution No. 2008-23 to the Common Council, authorizing submittal of a grant application to the U.S. Department of Homeland Security for an Assistance to Firefighters Grant (SAFER).

Aldersperson Hendler feels this is an excellent idea and he encouraged other departments in the city to seek funding through an external source, because of the budget constraints the city has. He commended the Fire Department for taking the time to do this, because it helps the City of Marshfield.

Aldersperson Feddick referred to page 5 of Fire Chief Schmidt's memorandum and asked if additional personnel would be hired in 2008.

Fire Chief Schmidt said that part of the requirement is that we have to hire within 90 days. Depending on when the grant award is awarded will determine if we have to do this in 2008 or 2009. He explained that the calculation is based on a 5-year projection based on six staff, so we would be obligated to paying for the staff as well as the benefits that go along with hiring the staff.

Aldersperson Feddick asked what the prospect would be if we are awarded the grant for funding in 2008 with the budget already being completed.

City Administrator Brehm explained what could happen if the Common Council approves the resolution and if our application is approved for 2008. The total dollar amounts on page 5 would be prorated for 2008 and the city would need to come up with some money for that prorated amount in 2008. The SAFER Grant offset is \$650,000 and that is a significant dollar amount, but during the 5-year period the city's share is \$1.7 million. After that 5-year period, there are no more grant proceeds to apply toward that cost. The direction of the Common Council last December was to direct staff to seek alternate funding proposals for these positions and this is the only one that we are aware of that is the most viable. We looked at different options as to what would be the best and have the least impact in 2008, because the city does not have any money specifically for this.

Aldersperson Spiros asked where we would house the six additional staff if we have to hire them in 90 days.

Fire Chief Schmidt said that he would probably lose his office and have to share an office with someone temporarily.

Aldersperson Spiros asked if there was an opportunity to stagger this rather than ask for all six additional firefighters in 2008.

Fire Chief Schmidt said that we could do that, but this is a competitive grant process and we would be competing every year. The Town of Grand Chute just received a grant for six additional staff. One of the aspects of this grant is that they give you a certain number of points for getting closer to or complying with the standards that they identify in this process.

City Administrator Brehm said that he concurs and does recommend this resolution, but one of the parameters that the Common Council approved is that there will be no tax levy increase. Any position request will exceed that levy limit if nothing else changes in any other budgets. The no tax levy increase and the 5% reduction are two tough parameters to comply with for 2009.

Aldersperson Hendler said that the higher the number of people we have in our proposal the better our opportunity is to get some support. \$650,000 is a lot of money. We are under a lot of restraints, but the fact remains that there is a potential for a new station somewhere and there is a potential for making sure that the station is supported with staff and he thinks we should continue planning towards that eventuality. If you want the safety fact to become paramount in this city you are going to have to spend some money.

Aldersperson Buttke feels if we don't try for this grant we will be losing a lot of money for the taxpayers. He realizes the impact that it will have especially after this grant is done, but in looking at the big picture here he would have a hard time not supporting this because of the money that we potentially could lose.

Vote on motion **FBP08-066**; All Ayes

**Motion carried**

City Administrator Brehm apologized for not including his memorandum on the Post Employment Health Plan (PEHP) that he handed out right before the meeting in the agenda packet.

City Administrator Brehm said as noted in Lara Baehr's memo dated December 4, 2007, IRS interpretations stated that employee contributions to the PEHP plan, through their wages, are not allowed. The City was audited by the IRS for the calendar years 2005, 2006 and 2007 which determined that the city owed back income taxes, social security taxes and Medicare taxes totaling \$64,275.72 pertinent to the employees' wages for these three years. This amount does not include any penalty costs in that the IRS auditor determined that there was no willful intent by the city not to comply with IRS requirements, but a misinterpretation of them. The employees are not required to pay any of these amounts. If the city accepts and approves signing the Agreement to Assessment and Collection of Additional Tax and Acceptance of Overassessment form and makes payment by September 30, 2008 the city will not be charged any interest.

City Administrator Brehm recommended that the City staff request an IRS Technical Review with assistance from Nationwide. He further recommended that if the IRS doesn't agree to a Technical Review that the City accepts and approves the Agreement to Assessment and Collection of Additional Tax and Acceptance of Overassessment form and that you authorize applicable staff to sign the same.

**FBP08-067** Motion by Feddick, second by Hansen to authorize staff to request of the IRS a Technical Assistance Review of this matter with assistance from Nationwide Retirement Solutions provided that there is no additional costs, but if this review is going to cost the city additional penalties and interest that we just go ahead and pay the back taxes in the amount of \$64,275.52.

Aldersperson Hendler asked if City Administrator Brehm heard about any precedent.

City Administrator Brehm responded that he knows of three other governmental units (two cities and a county) in Wisconsin that are handling it like Marshfield is. In discussing this with Nationwide they are not aware of any clients of theirs of any cities or governmental units outside of the State of Wisconsin to date.

Aldersperson Hendler asked if we go with Nationwide to explore this who pays Nationwide to do this.

City Administrator Brehm said that he specifically asked that question of Nationwide yesterday and they have indicated that there would be no charge to the City of Marshfield for their time involved. They also indicated that they can not act as our legal or tax representative. They have a vested interest in this also in that they have numerous clients in Wisconsin as well as nationally. If this is going to a common practice from a federal prospective of audits they want to be able to be involved with this and perhaps understand it better so that they can more fully inform their existing as well as new clients.

Finance Director Strey explained that this action by the IRS and these audits are very recent developments. They started about mid year last year and they have really gained momentum. They have hired a contracted agent to do this and he is very aggressive in pursuing this across the state with all forms of local government. He is aware of ten forms of local government that have had audits conducted and many of them were having the similar issue.

Aldersperson Buttke said he is disappointed in Nationwide that they weren't aware of this.

Aldersperson Hendler asked how far back the IRS could go.

Finance Director Strey said that they can go back as far as 2005.

Aldersperson Buttke wondered why the employees don't have to pay anything.

Finance Director Strey said that is by IRS regulation.

City Administrator Brehm feels that part of the reason why the employees don't have to pay anything is that you may have employees that were employed during those three years that are no longer here and for ease of collection they assumed a specific tax bracket and the employer is still here.

Vote on motion **FBP08-067**; All Ayes

**Motion carried**

**FBP08-068** Motion by Feddick, second by Hansen to go into closed session pursuant to Wisconsin Statutes, chapter 19.85 (1)(c) to consider employment, promotion, compensation, or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises control. Specifically, the City Administrator had requested a closed session to discuss the status of negotiations with the Clerical/Technical employees bargaining unit. Roll call vote, all Ayes. (Time: 6:07 p.m.)

**Motion carried**

Present in closed session: Alderspersons Hansen, Buttke, Feddick, Spiros and Hendler, City Administrator Brehm, Human Resources Manager Baehr, Finance Director Strey and Assistant Finance Director Hanson.

Deputy Clerk Panzer excused herself from the closed session part of the meeting, because she is a Union member of the Clerical/Technical employees bargaining unit.

**FBP08-069** Motion by Buttke, second by Hendler to return to open session. Roll call vote, all Ayes. (Time: 6:41 p.m.)

**Motion carried**

Deputy Clerk Panzer returned to the meeting at 6:41 p.m.

No action was taken in open session regarding the closed session item.

Motion by Hendler, second by Hansen to adjourn at 6:42 p.m.

**Motion carried**

Lori A. Panzer  
Deputy City Clerk