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Office of Administration
Taped and Televised

APPROPRIATIONS COMMITTEE

Monday, October 9, 2023

6:00 PM

Christine Nuernberg Hall

Minutes

- 1) Call to Order
- 2) Pledge of Allegiance

Citizens wishing to address the Committee on any matter **not** on the agenda may do so at this time. If you desire to be heard on agenda items, you may be heard when that item is considered on the agenda. Please speak into the microphone at the podium. The time limitation is **FIVE** minutes. **To speak or to have your opinion recorded, please complete a registration slip found at the back of the room.**

- 3) Roll Call

Present:

Mayor Andrew Nerbun
Alderman Kelly Tolocko
Alderman Dale Mayr
Alderman Jeffrey Hansher
Alderman Gregg Bach
Alderman Brian Parrish
Alderman Kathleen Schneider
Alderman William Gebhardt
Alderman Robert Strzelczyk -- **Absent**

Also Present: City Administrator Jones, Assistant City Administrator Schoenemann, Finance Director Engroff, Director of Community Development Tollefson, Director of Public Works Lundeen, Fire Chief Bialk, Police Chief Pryor, City Clerk Fochs, Executive Assistant Enea, Library Director Muchin Young, and other interested parties.

- 4) Budget Overview, Revenues and Capital Projects

City Administrator Jones provided the Committee with an overview of the budget. He thanked the Committee for their attention this evening and to the Department Heads for the amount of

work and discussion that went into this year-round development process. A big picture lens was used to develop this macro budget. Overall, the General Fund Budget is up just under 4% for FY2024. The City will see \$590K from the State of Wisconsin in new shared revenue. The budget prioritizes wages and benefits in a tight labor market. It also accounts for higher inflation over the past two years. The budget also advances previous commitments, such as the \$2.5M in ARPA funds and the Southern Ozaukee Fire & EMS Department. Future budgetary flexibility is preserved in regards to the tax levy, debt service, and fund balance. The Strategic Plan's building blocks have been used in developing this budget. Some highlights to note are the addition of one firefighter/paramedic, a comprehensive Parks Plan for the next five years, adding two flock cameras, inclusion of pay study recommendation #2, SOFD assumption of fleet maintenance costs, and a 50% increase in parks capital funding.

On the revenue side, the State restricts Levy to net new construction. For 2024, net new construction is up 1.18% with \$157K to the City and \$68K to Sewer. The opportunity does exist to add more back in. The excess levy above allowable limit is \$248,000. 2024 may not be the year to raise taxes because the City has the use of the new funds from the State and the money might come more in handy in future years. Building permit revenue was reduced by \$100K (10%) and investment income is higher due to interest rates. The use of ARPA funds is being reduced by \$135,000 to \$65K. Also, the fee schedule review is underway, with plans to adopt changes in November.

The General Fund will increase by \$670K. Taxes, Intergovernmental, Licenses/Permits, and Public Safety Fees are seeing a decrease but will be balanced by State Revenue, Charges for Service, Other Revenues, and Interest. The increase in Other Revenues is due to the pilot agreement with Newcastle and will be for a payment in lieu of taxes.

Expenditures were discussed next. Health insurance premiums did not go up as high as predicted at the Budget Workshop, but were still significant at 10.8% equaling \$150,000. Nearly all compulsory (necessary) expenses were included in the budget, i.e. 2024 election, legal services, motor fuel, and road salt. \$87,000 was included to repair the HVAC and ceiling in the Council chambers and \$25,000 was programmed for the Library. Three supplemental funding requests were included for the Wisconsin Policy Forum, detective software, and a Parks Plan Update. All in, \$670,000 was budgeted for expenditures.

Since 2015, Pay-As-You-Go Funding is up 56%. ARPA projects to take place in 2024 are the Lemke Pavilion, the Land Management System, and the automation of the Brush Site. Currently, no debt is scheduled beyond 2033. In Capital Funding, the only two areas seeing an increase are building repairs and parks, as previously mentioned.

Southern Ozaukee Fire & EMS Department has achieved 99% shift coverage over the past year. Their 2024 budget is increasing by 8.8%, including \$300K in County ARPA funds and 50% funding of the City Mechanic's salary. Up to a 7% Levy Adjustment is allowed by State Law, the budget team is only recommending 4.3%.

City Administrator then continued the budget presentation by showing an overall summary of department budgets from 2021 to 2024. FY2024 budget will be just over \$22M as proposed.

The mill rate is currently at \$3.11/\$1,000. For 2024, it would be adjusted to \$3.13 due to SOFD. The tax levy is reducing by \$23,358. The mill rate increasing is equivalent to \$4/yr on a \$400K home. A one penny increase to the tax rate equals \$53,000 of additional revenue. The City is still waiting on the State's Manufacturing Values which are expected to come in three to four weeks. The Sewer Levy is also to be determined, pending budget consideration. The budget is a never-ending process and the City is exercising fiscal stewardship by pursuing the shared revenue increase, eliminating personal property tax, completing the library budget review, recommending a fee schedule update, and implementing the pay study adjustments in 2023. The City will continue to exercise fiscal stewardship in 2024 by debt planning for next facility project(s), exploring impact fees, creating a new joint library agreement, completing a long-range financial plan, and forming a Parks Foundation. Staff is recommending passage of the fiscally responsible budget presented this evening that addresses necessary increases. City Administrator Jones then opened the floor to questions. The following questions were asked:

-Alderman Mayr asked if the 4.3% Levy Tax for SOFD could be a separate line item on the tax bill. Finance Director Engroff said that could not happen this year, but will follow-up with the County to see if that is a possibility in the future.

-Alderwoman Schneider asked about the I-43 flock cameras being relocated from Mequon Road due to the construction, if they will then be moved back after the construction is completed. Police Chief Pryor said they would be moved back unless data shows they are better used elsewhere.

-Alderman Parrish inquired if the City had enough staff to get the Land Management System done in 2024. City Administrator Jones explained why it has been delayed since 2021 and said staff will come back to the Council if more money is needed for implementation.

-Alderman Bach asked about doing the Community Survey and where would money for that come from. City Administrator Jones said it will be discussed at COTW in December to decide when the appropriate time is. The ideal time might be in early 2025 to kick-off the strategic plan.

-Alderwoman Tolocko inquired if the school tax levy was going up. That is currently unknown, as the school system is finalizing their budget right now as well.

-Alderman Parrish stated that the Parks Board was grateful for the \$25,000 in additional funding. He then asked for clarification where the funds for the Dog Park parking lot would be coming from. Public Works Director Lundeen confirmed that the lot is planned for the 2024 Road Program. Alderman Parrish then asked about the Library partnership and why Thiensville is only giving them \$600 plus charging them a \$8,000 fiscal agent fee compared to Mequon giving them \$25,000.

City Administrator Jones explained how the City has been involved in six budget review meetings with the Library and Thiensville and a new library agreement will be completed next year. The Committee agreed that City Administrator should write a letter to Thiensville asking them to eliminate the fiscal agent fee.

-Alderman Mayr stated how speeding is the biggest complaint received from residents. After some discussion, he moved to allocate \$20,000 from ARPA funds for speed indicators. Aldewoman Schneider seconded. It was passed by Voice Acclamation.

- Transmittal Letter

1. Transmittal Letter
2. Transmittal letter attachments

- Budget Comparison
 - 3. Budget Comparison
- General Fund Revenue
 - 4. Revenue Report
- Debt Service Fund
 - 5. Debt Service
- General and Debt Service Funds
 - 6. General and Debt Service Funds
- Capital Projects Fund
 - 7. CIP

5) General Government

- a. Mayor & Common Council
 - 1. Council Description
 - 2. Council Report
- b. City Administrator
 - 1. City Administrator
- c. City Clerk
 - 1. City Clerk
- d. Elections
 - 1. Elections
- e. Information Services
 - 1. IT
- f. Finance
 - 1. Finance
- g. Assessment Services
 - 1. Assessor
- h. Human Resources
 - 1. HR
- i. Legal Services
 - 1. Legal

6) Community Development

j. Inspections Division

1. Inspections

k. Planning Division

1. Planning

7) Public Safety

l. Police Department

1. Police

m. Communications

1. Communications

n. Southern Ozaukee Fire & EMS Department

1. SOFD

8) Public Works

o. Building Maintenance

1. Buildings

p. Fleet Maintenance

1. Fleet

q. Engineering

1. Engineering

r. Highway

1. Highway

s. Forestry

1. Forestry

t. Swimming Pool

1. Pool

u. Parks

1. Parks

9) Library

1. Library

10) Compulsory & Supplemental Funding Requests

11) Consideration of a Recommendation Concerning the Proposed FY2024 Budget

1. Motion

RESULT: **Approved by Voice Acclamation [Unanimous]**

MOVED BY: Alderman Mayr

SECONDED BY: Alderman Hansher

AYES: Nerbun, Tolocko, Mayr, Hansher, Bach, Parrish, Schneider, Gebhardt

ABSENT: Strzelczyk

12) Adjourn

Alderwoman Schneider moved to adjourn at 7:26 PM and Alderman Bach seconded.

Respectfully Submitted,

Carrie Enea
Executive Assistant