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Office of Administration
Taped and Televised

APPROPRIATIONS COMMITTEE

Tuesday, September 21, 2021

6:00 PM

Christine Nuernberg Hall

Minutes

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

Present:

Alderman Brian Parrish
Mayor John Wirth
Alderman Robert Strzelczyk
Alderman Glenn Bushee
Alderman Dale Mayr
Alderman Jeffrey Hansher
Alderman Mark Gierl
Alderman Kathleen Schneider
Alderman Andrew Nerbun

Also Present: City Administrator Jones, Finance Director Engroff, Assistant City Administrator Schoenemann, Assistant to the Finance Director Keyser, Fire Chief Bialk, Deputy Fire Chief Zellmann, Police Chief Pryor, City Assessor Grota, Finance Consultant Watson, Public Works Director/City Engineer Lundeen, Library Director Muchin Young, Executive Assistant Enea, Interested Parties

- 4) Overview of Fiscal Year 2022 Budget Development Process
 1. Budget Memo
 2. Financial Update for Fiscal Year 2021 (through August 31, 2021)
 3. Current Summary of Full-Time Equivalent (FTE) Positions
 4. 2021 Fund Balance Report
 5. Financial Update for 2021

6. 5 year capital plan excluding sewer & water
7. Other Considerations

5) 2022 Revaluation Overview & Update

City Assessor Grota and Finance Consultant Watson presented an overview of the 2021 Revaluation Process. Mr. Grota explained how the revaluation process commenced in June 2020 and 10,372 parcels were reviewed. The increase due to new construction was \$76,585,500 and the total increase in assessed values was \$626,666,400. Based on 234 contacts, the Assessor's Office issued 140 revised notices of assessment and 57 no change in value notices. The Board of Review was completed on 9/13 with 11 hearings and 2 appeals. Most changes were due to data changes. Mr. Watson presented a revaluation illustration to show how private homes, apartment buildings, and corporations are affected differently in regard to taxes by a Levy and Mil Rate. These factors will be in play as the budget process moves forward.

1. 2021 Summary of Reasons for Changes
2. 2021 Assessment-to-Sale Ratios

6) Fire & EMS Staffing Update

Fire Chief Bialk and Deputy Fire Chief Zellman presented an overview of the on-going staffing shortage. They have only spent 50% of their budget because they are so short on people. If they had not hired the 3 new battalion chiefs, the situation would be even more dire. They have 3 options: (1) Do nothing (2) Work with other communities to consolidate services (3) Convert some paid on call money into full-time salaries. Mayor Wirth shared that even if consolidation does happen, it will probably take another 2 years. The Fire Chiefs showed that they can add 3 Full-time Paramedics at no additional cost to the budget. Alderman Strzelczyk inquired about their recruiting efforts. Chief Zellman provided a 2 year recruitment summary. Most that are interested have no experience or certifications and aren't willing to get the 180 hours of schooling that is needed. A discussion then took place about cost, consolidation, and other options.

1. Fire & EMS Staffing Update

7) American Recovery Plan Act (ARPA) Overview & Discussion

City Administrator Jones provided an overview of the ARPA funds that Mequon would be receiving and what it could be spent on. Mequon is to receive \$2.55M in 2 installments in 2021 & 2022. Eligible uses include lost public sector revenue, negative economic impacts caused by COVID-19, public health expenditures, premium pay for essential workers, and water, sewer, stormwater & broadband infrastructure. The U.S. Treasury has issued an Interim Final Rule on use/reporting. More than 1,000 comments were received, so a Final Rule is forthcoming. All funds must be obligated by the end of 2024 and used by the end of 2026. Mr. Jones provided a conceptual framework of where that money could possibly go over a 3 year period, i.e. County Line Signals, Land Management Program, Brush Site, Lemke Park, Stormwater Management, and/or Library.

1. American Recovery Plan Act (ARPA) Overview
2. ARPA GFOS Guiding Principles
3. ARPA Treasury Compliance & Reporting Guidance
4. Expenditures Recommended
5. ARPA Funds Request

8) Supplemental Funding Requests

City Administrator Jones shared the requests for funds from City Departments, the Bicycle & Pedestrian Way Commission, the Weyenberg Library, and the Park & Open Space Board. The Departmental Requests included election day expenses for food & beverage for poll workers, Deputy Clerk, Governmental Accounting, & MUNIS training, Organization-wide Compensation study, Automatic License Reader Systems, GPS unit replacement, FHWA signs & striping, median plantings/weed control, Information Technology Sssessment recommendations, and Community Development Assessment recommendations. If there are any other requests for funds, please send to him. A discussion then took place about the various requests and how they should be prioritized.

A. City Departments

1. Supplemental Expenditures Requested

B. Weyenberg Library

1. Library Budget Request

C. Joint Mequon-Thiensville Bicycle & Pedestrian Way Commission

City Administrator Jones stated that the Budget Team and Department Directors have been working over the last 75 days, since early July, to develop the City's fiscal year budget for 2022. The proposed FY2022 balanced budget will be distributed on Friday, September 24. There will be another Appropriations Meeting the first week of October to recommend approval at the November 9 Common Council Meeting. Mr. Jones said he was going to provide the Council with discussion points to give background and to set the stage of what they will see throughout the budget process in a year of transitions. Just a year ago, we were hoping for a vaccine and now Ozaukee County is 60% vaccinated and we are back to in-person meetings and activities like the Taste of Mequon that just took place. Several revenue categories are up from 2020, a full revaluation of property just concluded and an aldermanic redistricting process is underway. Plus, the City has a new Finance Director that has been on the job for 4 weeks and has been working with the Assistant to the Director and Former Finance Director to put the 2022 Budget together.

Mr. Jones shared what was on tonight's agenda. It would start with a budget development overview, then a revaluation update from Mike Grotz, a Fire & EMS staffing update from Chiefs Bialk and Zellman, the American Recovery Plan, Supplemental Requests, and then the Community Development & IT studies if time permits.

Mr. Jones provided a financial update for Fiscal Year 2021, pointing out revenues are \$15,115,305 of the budgeted \$17,511,346 (86.3%) and expenditures are \$11,000,318 of the budgeted \$17,511,346 (62.8%). From a personnel perspective, the City has added nearly 10 FTE's since 2015. During 2021, 15 employees have been hired and 1 transferred. Looking ahead, a compensation study needs to be done (last performed in 2014), additional Public Safety staffing is needed, health insurance costs are increasing, and competitive employee benefits are needed to attract employees in a challenging job market.

Mr. Jones provided a fund balance update which included: General Fund, Park Impact Fees, Revolving Loan Fund, TID #2, and TID #3. The most significant was TID #3 which was \$77,545 in 2020 and is \$1,679,325 currently.

City Administrator Jones provided a review of the City's Capital Plan noting that the City uses a combination of Pay-As-You-Go and Debt-Financing to fund capital purchases and expenditures. In 2021, \$1.2 million was used for Pay-As-You-Go funding and \$2.8 million for debt services. Pay-As-You-Go Capital was reduced by \$140K to balance the budget. For 2022, Pay-As-You-Go Requests totaled \$3,991,900. The \$140K 2021 reductions were restored for 2022. Negative account balances (\$645K) were also addressed. Despite requests exceeding available resources, annual funding increased by nearly \$500K (57%) since 2015.

City Administrator Jones pointed out that the 2022 proposed budget restores nearly all spending that was reduced in the 2021 Budget. The Budget is balanced with no anticipated increase to a new tax rate. It includes placeholders for wages (Union & Non-Union) and the use of Fund Balance (\$54K) for Revaluation - Phase III. It also fully funds full-time IT Manager and HR Coordinator roles. It privatizes janitorial services across City facilities. The Budget reduces the City's health costs while increasing employee premiums. It is still awaiting State Transportation Aid Figures which are expected in early October.

City Administrator turned the presentation over to Assistant City Administrator Schoenemann to talk about health insurance changes. The City just received new health insurance information from the State on Friday. The City participates in State Local Government Health Insurance Pool. Employees may access 2 available networks, Network Health or WEA Trust East, both of which the State determines contribution amounts. The WEA Trust East option will have a 10% increase, costing employees \$122-\$305 more per month. 1/3 of City employees currently have this plan and many will likely switch, but they will have to switch doctors. Mayor Wirth asked if the City knows the total cost per employee for each health plan.

1. Bikeway Commission

D. Park & Open Space Board

1. Park & Open Space Board

9) Discussion Concerning Community Development & Information Technology Consulting Studies

A joint staff team will make recommendations regarding the two studies next week. Likely elements will be capital, consulting, program software, personnel, and security.

10) 2022 Budget Schedule

Fri., Sept. 24	Proposed 2022 Budget Distributed
Oct. 5 p.m.	Appropriations Committee Meeting - 6:00
Tues., Oct. 12 Re-Award	REGULAR COMMON COUNCIL MEETING Strategic Planning Consultant Contract
Oct. 13-14; 18	Appropriations Committee Meeting (if Necessary)
Tues., Oct. 19	Public Hearing Notice Deadline - 10:00 a.m. (to Publish on 10/21)
Oct. 18 - Nov. 4	Sewer & Water Utility Budget Meetings
Tues., Nov 9	REGULAR COMMON COUNCIL MEETING 2022 City Budget Adoption 2022 Sewer & Water Budget Adoption

1. 2022 Budget Schedule

11) Adjourn

Alderman Gierl moved to adjourn at 7:47 P.M. Alderman Strzelczyk seconded.

Respectfully Submitted,

Carrie Enea