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Office of the City Clerk

COMMITTEE OF THE WHOLE

Thursday, June 4, 2026 - 8:00 AM
River Club of Mequon
12400 N. Ville du Parc Drive

Minutes

1) Call to Order; Roll Call

The meeting was called to order by Mayor Nerbun at 8:30 a.m.

Present: Mayor Nerbun, Alderman Strzelczyk, Alderman Tolocko, Alderman Mayr, Alderman Hansher, Alderman Bach, Alderman Parrish, Alderman Bratt (arrived at 8:58 a.m.), and Alderman Gebhardt

Also present: City Administrator Jones, Assistant City Administrator Wolff, Finance Director Arnett, Assistant Finance Director Keyser, City Clerk Fochs, Director of Community Development Tollefson, Director of Public Works Lundeen, Police Chief Riley, Fire Chief Bialk and Deputy Fire Chief Boehlke. Also in attendance were several consultants, including: Brian Roemer and Katelynn Harrigan from Ehlers & Associates, Andrew Mayo from FGM Architects, and Joe Kolavo of Kraus Anderson Construction.

2) Introduction; Workshop Overview

a) Long-Term Financial Planning Workshop #2 - June 4, 2026

City Administrator Jones welcomed attendees, provided introductions and gave a brief overview of the agenda. He summarized previous workshops held in May 2024 and July 2025, and highlighted several organizational accomplishments achieved since last summer. He further provided an overview of the key objectives for this meeting, including: financial policy amendments, public safety facility planning, 5-year financial planning, new pool fundraising, alternative revenues, and a determination of next steps.

Administrator Jones then provided the Committee with a summary overview of some of the City's key strengths, weaknesses, opportunities, and threats. Strengths include the City tax base and low tax rate, household income, available debt capacity, low crime rate, skilled staff, and open space. Weaknesses include a low fund balance, tax levy limits, aging facilities, and workforce challenges. Potential threats to City operations revolve around health insurance costs, the State's fiscal picture, Federal funding cuts, Act 10, and inflation. In terms of opportunities, Administrator Jones noted facility upgrades, capital fundraising, environmental sustainability, and artificial intelligence.

3) Financial Policies

a) Amendments to Financial Policies

Finance Director Arnett presented proposed updates to financial Policy 9 and the Appendix Section of the City's Financial Policies, as suggested by Ehlers & Associates and Baker Tilly. Additionally, Policy Statement 3, regarding City Reserves, was also shared with the Committee. Administrator Jones encouraged the Committee to think about expanding the City's current range for unassigned fund balance within the General Fund from beyond the current 10-12%. Increasing the fund balance range will support a more favorable credit rating and potentially lower interest rates. Following discussion, members of the Committee directed that the proposed amendments to the two policies be forwarded on to the Common Council for formal consideration and requested additional information on general fund balances/reserves for future discussion.

4) Tax Increment District #3

a) Public Improvements Update

Director Tollefson provided the Committee with a brief update on the public improvements that are being completed with Tax Increment District #3, as well as the financial success of the district. It was noted that the mandatory closure date for TID #3 is April 15, 2028, and that available increment should be available for use by the City beginning in Fiscal Year 2029, following the disbursement of any residual income to the City's other taxing bodies. Discussion also centered on any residual income that might be available to the City upon closure of the District, and how such proceeds might be used for one-time projects/needs.

b) TID #3 Audit/District Closure

Administrator Jones reminded the Committee that audits of Tax Increment Districts (TID) 3, 4, and 5 were completed by Baker Tilly earlier in the spring, per statutory requirements. He further reported that the Finance-Personnel Committee reviewed each of the audits and was satisfied with the results, and that an opportunity exists to recoup interest on three advances made to TID 3 between 2013-2016. Director Arnett provided a brief overview of local government investment pool averages and standard uses. Following a discussion, the Committee was amenable to recovering interest income from TID #3 as recommended by staff.

5) City Facilities

a) Public Safety Building Assessment

Administrator Jones introduced Andrew Mayo from FGM Architects and Joe Kalavo of Kraus Anderson Construction Company. Mr. Mayo revisited the 2024 space needs study which suggested a combined Police & Fire/EMS station being the most cost-effective solution. In 2025, a location and department needs analysis was completed and included in-depth input from both the Police and Fire Departments. Mr. Mayo and Mr. Kolavo then reviewed results from an updated assessment of the Public Safety Building, and its potential use as a standalone fire station headquarters facility for the new Southern Ozaukee Fire & EMS Department. Thereafter, they shared cost estimates for a range of future facility upgrades, including reconstruction of the East Side Fire Station, as well as separate and combined buildings for the Police & Fire Departments. Following discussion, the Committee directed staff to commence work on design of a new fire station on the City's east side, and to continue its review of available options related to the Public Safety Building.

b) Public Safety Impact Fees - Police & Fire

This topic was touched on briefly during the prior discussion on future planning for the Public Safety Buildings and will be explored further at the Committee's next workshop planning meeting in July.

c) Civic Campus - Phase One Design & Development

Director Lundeen provided a brief overview of the expected process and projected timeline for design and construction of a new community pool. She further shared that a recommended contract for architectural services would be on the Council's June 9 meeting agenda for award.

6) Long-Term Financial Planning

Mr. Roemer reviewed City reserves, the City's current bond rating, and briefly recapped information previously shared at the last financial planning workshop meeting in mid-2025. He further reviewed credit rating criteria amongst Mequon's peer communities and explained that a multitude of factors are taken into consideration when a municipality's debt is rated in advance of issuance.

From there, Mr. Roemer walked the Committee through a few available financing scenarios related to the City's longer-term capital needs, including annual road improvements, as well as construction of a new pool, a new East Side Fire Station, and a new Public Safety Building. The City's current debt position was also reviewed, and ample capacity exists to address all of the identified projects over the next 3-5 years.

Mr. Roemer also touched on the challenges Wisconsin levy limits create for the City, and shared updated projections for the City's operating budget (General Fund) through 2031.

7) Potential Closed Session

There was no Closed Session held by the Committee.

8) Alternative Revenue Sources

a) Lodging Tax

Director Tollefson provided an overview of the lodging tax analysis conducted by REVPAR Inc. If implemented, the Economic Development Board would need to create a subcommittee to act as the City's statutorily required Tourism Commission. Thereafter, the new Commission would determine the tax to be approved by Ordinance and establish a tourism budget. 70% of any tax proceeds would be directed into City tourism efforts, and 30% would be available for use within the City's General Fund. Following discussion, there was consensus amongst the Committee to move forward on considering a 6% lodging tax as recommended, and staff was directed to prepare the necessary documents to support the formal consideration of such in connection with development of the City's 2027 budget.

b) Vehicle Registration Fee Information

Director Arnett provided an overview of the process for considering and/or implementing vehicle registration fees within Wisconsin, which can be established by a municipality and are collected by WisDOT. A $0.03 per vehicle administration fee is collected by WisDOT to cover program administration expenses. Any revenue collected can only be used for transportation purposes, and enactment of such would require formal adoption of an ordinance and a 90-day notice to WisDOT. Following discussion, which included concerns about public perceptions related to the potential implementation of a vehicle registration fee, it was agreed that staff would do some additional work to more clearly define how any such potential revenue derived from such a fee would be utilized from a budgeting and/or capital improvements standpoint.

9) Other Matters

a) 2027 Budget Development

Administrator Jones provided an overview of the upcoming budget development process for 2027, as well as a suggested timeline for completing development of the long-range financial plan by Fall 2026. Following discussion, it was determined that the Committee would forego a budget development workshop in August, and that staff would develop a draft budget for distribution by late September.

b) Upcoming Meetings: July - October (Sewer/Water Utility Funding, Right-of-Way Asset Funding & Prioritization, Fundraising, Annual Fee Schedule)

10) Adjourn

MOTION:	Motion to Adjourn at 2:31 p.m.
MOVER:	Alderman Robert Strzelczyk
SECONDER:	Alderman Gregg Bach
AYES:	Mayor Andrew Nerbun, Alderman Robert Strzelczyk, Alderman Kelly Tolocko, Alderman Dale Mayr, Alderman Jeffrey Hansher, Alderman Gregg Bach, Alderman Brian Parrish, Alderman Peter Bratt, Alderman William Gebhardt
RESULT:	Approved by Voice Acclamation

Respectfully Submitted,
Janet Meyer, Deputy Clerk