11333 N. Cedarburg Road
Mequon, WI 53092
Phone: 262-236-2914
Fax: 262-242-9655

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Office of the City Clerk
Taped & Televised

COMMITTEE OF THE WHOLE
BUDGET WORKSHOP MEETING
Tuesday, August 29, 2023
6:00 PM
Christine Nuernberg Hall

Minutes

1. Call to Order

   Mayor Nerbun called the meeting to order at 6:00 PM.

2. Pledge of Allegiance

3. Roll Call

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

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

4. Overview of Fiscal Year 2024 Budget Development Process

   City Administrator Jones provided an overview of how the budget development for 2024 was completed. He first explained factors that needed to be considered including WRS (Wisconsin Retirement System) increasing by 1.5% for general employees and 8.3% for protective employees and health insurance, which is estimated to increase by 14.6%. That exact figure won't be known until mid-September. The City's insurance with the League is also increasing 2-5%, as well as an increase of 2.75% with CBA for police officers & sergeants. The Compensation Study's Phase 2 recommendation has also been considered with a longevity adjustment which will be approximately $80,000. Compulsory increases will total $232,924 with major contributors being a Presidential election ($65K), road salt

($62K), and fuel ($38K). City Administrator Jones opened it up to questions at this point. Aldermen asked if there was an opportunity to shop around for new health insurance. Mayor Nerbun shared that if the City decided to do that, we would be removed from the insurance for a year. City Administrator Jones said we can reach out to Representative Andraca and Senator Knodl, as well as checking what other communities are doing. He also said staff is investigating how to offer an insurance opt-out to employees. Open enrollment occurs in September through October and there are many moving parts and targets to consider. Alderman asked if most employees participate, questioned if the City tracks an experience rating.

5. Revenue Outlook

The City tax rate has stayed fairly stable at $3.11/$1,000 of assessed value. Net new construction will provide $225K additional revenue next year. Shared revenue provided by the state will bring $575K to use across several areas. The fire portion of the levy can be adjusted for staffing and capital needs at CPI + 2%. Building permit fees are down, but interest income has increased. In the 2024 budget, there will be a decreased use of ARPA funds.

Finance Director Engroff spoke to net new construction. In 2023, the City saw and additional $225,000 without increasing the tax rate. The 2005 Wisconsin Levy Limit Law provided maximum amount allowed as a property tax levy on parcels and cities must have new net construction to increase the levy. The estimated levy capacity for the 2024 budget is $275,000. There was a short discussion about the Sewer Tax Levy from 2023.

State shared revenue was discussed and beginning in 2024 municipalities are to receive 1/5 of sales tax. The City will receive $575K to be used for Police, Fire, Public Works, Transportation, and Courts. Also beginning in 2024, personal property tax will no longer be subject to collection. The State will provide replacement income payments. The City is planning to review the Fee Schedule as well, as it was last reviewed in 2020.

6. Expenditure Considerations

The budget priorities over the next four weeks will be:

(1) Fulfill 2024 Salary and Benefit obligations which will be 70% of the budget
(2) Address operational (compulsory) needs that cannot be negotiated
(3) Boost Pay-As-You-Go Capital Funding
(4) Incorporate supplemental funding requests which are fewer this year
(5) Preserve revenue capacity into future years

7. Capital Financing Update

The net capital request for 2024 is $3.3M. The permanent repair of the City Hall HVAC will fall in the range of $56K-$238K. 2024 will be year three of the City's Road Program Borrowing which started in 2022. Being an AAA community, the City has good leverage if it chooses to borrow. Debt Service will remain level in 2024. Combined Capital and Debt Service will equal $4.1M. ARPA funds are helping to address projects, such as the Lemke Park Pavilion and the Brush Site. Since 2015, Pay-As-You-Go Funding is up by 53%. City Administrator Jones explained how the focus on Pay-As-You-Go Funding is to protect public assets, whether building or vehicles. He then showed the Pay-As-You-Go Funding for 2023 which totals $1,348,000. A short discussion then took place about how projects get funded and how the Council will discuss priorities further at the Strategic Planning Workshop which will take place at the beginning of next year.

8. Component Unit Funding

The Frank L. Weyenberg Library (Library) was the next topic of discussion. In 2023, the City provided $46K in funding plus another $150K in ARPA funds. Last year, the Council gave the direction for the City to review the Library's budget and the joint funding agreement with the Village of Thiensville. The budget review took place from March-August and focused on administrative and operational expenses. To save money, the Library partners with several entities. Moving forward, the Library plans to solicit joint audit services, combine payroll with the Village through ADP, incorporate copies/printers with the City's contract, examine lower postage rates using the City's permit, explore higher investment returns, adjust or discontinue the fiscal agent fee to the Village, and to monitor insurance coverage/deductibles.

Following the Library, the Southern Ozaukee Fire & EMS Department was discussed. Their 2024 budget has been developed throughout August. For revenues, ambulance fees are still being collected. Inspections revenue will be modified for next year. The $300,000 in ARPA funding from Ozaukee County may still increase. For expenses, 50% of the City's mechanic wages will be funded by SOFD and one new Firefighter/Paramedic will be hired. The budget is slated to be presented to the SOFD Board for approval on 9/13/23 and then both municipalities will approve it thereafter.

9. Supplemental Funding Update

As an update, City Administrator showed the previously approved ARPA funding. The Finance Department put together what has been spent already and what remains to be spent. $948,185 has already been spent and $1,603,843 has yet to be spent.

10. 2024 Budget Schedule

Next Steps in the Budget Process:

9/28- 2024 Budget will be distributed
10/9- Appropriations Committee Meeting
10/17-10/18- Appropriations Meeting #2 (if needed)
10/17-11/7: Sewer & Water Budget Meetings
11/14: Public Hearing & Budget Adoption

11. Adjourn

Motion to adjourn at 7:41 PM.

RESULT:	**Approved by Voice Acclamation [Unanimous]**
MOVED BY:	Alderman Strzelczyk
SECONDED BY:	Alderman Schneider

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

Respectfully Submitted,

Carrie Enea
Executive Assistant
Approved 10-10-23