

City of Stevens Point Meeting Minutes

Special Common Council

Monday, November 16, 2009

Mayor Andrew Halverson, presiding

PRESENT: Ald. Mallison, Walthers, O'Meara, Wiza, M. Stroik, Slowinski, Trzebiatowski, Molski, R. Stroik, Brooks (6:03 p.m.), Moore.

ALSO PRESENT: Clerk Moe; Comptroller/Treasurer Schlice; City Attorney Molepske; Administrative Dir. Morris; Fire Chief Zinda; Directors Gardner, Halverson, Schrader; Assessor Siebers; Police Chief Ruder; Patty Danczyk; Doug Radtke; Evelyn Sankey-Slowinski; Mildred Neville; Mary Anne Laszewski; Reid Rocheleau; Gene Kemmeter; Meredith Thorn.

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6. Resolution providing for writing special assessments and special charges into the tax roll for 2009.

7. Adjournment.

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2. Finance Committee minutes of budget hearing held on October 26, 2009.

Ald. R. Stroik moved, Ald. Moore seconded, to approve of the Finance Committee minutes of the budget hearing held on October 26, 2009. Ayes, all; nays, none; motion carried.

3. Public hearing on the general local municipal budget for 2010.

Mayor Halverson called the public hearing open.

Reid Rocheleau is not happy with the budget proposal. He is against the city employee pay increases and suggested a pay freeze instead with some restructuring and cuts within the departments.

Patty Danczyk believes this is not the time to increase pay for city employees when others are taking freezes and others are looking for work. She feels the city has trouble attracting businesses to the area due to taxes. She thinks the Council has a social responsibility to keep costs under control.

Doug Radtke stated that in general the people get a good shake for their taxes here in Stevens Point. However he believes that the Council should freeze the levy as these are difficult times. He thinks the City should use part of its fund balance to offset the levy increase.

Evelyn Sankey-Slowinski stated she has not received a raise in two years and does not expect to get one this year either. She believes taxes here are too high. She said many people have gone several years without any pay increases, people are losing their jobs and seniors are not getting increases while their expenses continue to climb. She feels that to ask people to pay more taxes at this point is unrealistic.

Mildred Neville is concerned about the financial condition of the City as well as the financial ability of the residents to pay their expenses. She is concerned with the City's increase in debt and the taking of \$1.6 million from the reserve. She believes that some of the salary increases contained within the management pay plan are too high and that they should reopen negotiations with the unions. She believes that any employee who is eligible for Medicare should be required to take it and the City should pay the balance to bring their health coverage to the full amount.

Mary Anne Laszewski said that although salaries are a small part of the budget she felt that it is the principle of the spending at this time that makes some people upset. She believes that the employees understand the economic situation we are in and would understand if they did not get a raise. Taking steps to cut salaries in the next budget is admitting there is a problem but acting too late. She feels the management pay plan no longer works because it was approved before the recession.

As no one else wished to speak the Mayor closed the public hearing.

4. Resolution adopting the budget for the City of Stevens Point for the year 2010.

C/T Schlice stated some facts needed to be clarified. In most years the City has applied between \$600,000-650,000 in fund balance to the annual budget so that the budget can be balanced and services held intact. Because the departments have been working vigorously to hold down costs and find cost effective ways to deliver services, the City has not used the fund balance that was applied to the budget always. In fact the City has been slowly adding to the fund balance. At the end of 2008 the City of Stevens Point had \$13,690,055 in unrestricted fund balance which is 7.2 months of operational expenses. The policy of the City has been to keep between 5 and 6 months of fund balance in reserve which would be approximately \$11 million. The City has about \$2.6 million more than what is needed to stay within the policy limits. The fund balance was allowed to build up the past couple of years because of the uncertainty with the state budget. He said our plan is to apply \$1.6 million to the 2010 levy and \$1 million to the 2011 levy which will give the economy time to recover. This application of fund balance is being used to reduce the impact on debt service. He said this is not and never will be used to fund operational costs. The City used a similar fiscal strategy during the downturn in the 90's when it closed out some TIF districts and applied the fund balance from the TIF districts to lower the levy impact when the economy was bad. He said this budget has been prepared so that it bridges the gap between the current economy looking forward to 2011 and 2012. In regards to borrowing, the City has annually done short term borrowing for both vehicles and equipment. He noted that most municipalities have shifted to borrowing or leasing mechanisms for vehicles and equipment so that the cost of each unit would be spread over the actual life of the piece of equipment or vehicle. C/T Schlice then read into the record the following from Moody's Investor Service:

Moody's Investor service has assigned a Aa3 rating to the City of Stevens Point. The Aa3 rating reflects strong financial management and healthy reserves, expected tax base growth and favorable debt profile. Moody's believes the city's financial position will remain favorable due to management's demonstrated record of prudent financial practices which have resulted in the maintenance of healthy reserves over time. The City has historically had very high reserves consistent with its goal of maintaining between five and six months of operating expenditures in the General Fund Balance. Moody's believes the city will be well positioned to manage future levy growth limits given the healthy General Fund Balance and the city's strong financial position will continue, based on demonstrated sound budgeting practices and polices.

C/T Schlice went on to say that five of the 6 unions have a settled contract for 2009 and 2010 which provides for a 3% pay increase. The management pay plan which was adopted by the Common Council mirrors the increase received by the unions. Both union contracts and the

management pay plan have step increases incorporated within the agreements. The bottom line percentage for the wage increases equals 2.6%. He said that while the attention is being focused on the salary increases themselves there is no mention of the concessions that all employees gave three years ago. If the concessions had not been implemented, the City would be looking at an increased cost of about \$250,000-275,000 per year. There were also some adjustments made to the proposed budget since the October meeting which reduced the levy amount and assessed tax rate. Building Maintenance was reduced by \$60,000 and contracted assessing services was reduced by \$35,000 along with other adjustments made to the wage and fringe accounts when the City received the finalized numbers from external sources. This resulted in a \$133,427 reduction. C/T Schlice said he believes the proposed budget keeps the City building on its past successes and, as the Moody's report states, the City has demonstrated sound budgeting practices for a long time and we will continue to do so moving into the future. He also noted that all the classes he has taken on municipal budgeting indicate that it is better to have small increases rather than create a roller coaster-effect on the tax rate. He said levy increases must be reasonable. The final product recommended has a tax levy of \$12,976,006 with an assessed tax rate of \$9.32, an increase of five cents per \$1000 assessed valuation. This is a 5/10 of 1% or \$5.00 on a property assessed at \$100,000.

Ald. Wiza said he would like to discuss the Administrative Director position because at the Finance Committee meeting he had raised concerns about the \$300,000 in savings that had not materialized. He said that after looking into it, and although he is not sure it is working, he feels they are close to realizing a savings of between \$220,000-250,000. The big concern that he has is with the overtime budgets. He asked Chief Zinda why overtime is so much more than originally budgeted.

Chief Zinda said that there were several unforeseen situations that arose such as an extra deployment to Iraq and two resignations. He also noted that the City has a long term workers compensation claim as well as some minor workers compensation claims. He said that there are salary savings but they are not seen here.

Ald. Wiza said that he understands the difficulty with estimating overtime but he is concerned that for 2010 there is a \$55,000 drop in estimated overtime while in 2009 the departments are \$15,000 over budget with a month and a half left to go.

Mayor Halverson noted that the two individuals who are currently deployed will be back next year and in the proposed budget there is another FTE as of July 1. He also noted that in the amended proposal the Fire Department overtime budget was increased by \$13,000.

Ald. Wiza asked for an update on the progress of the information technology system update and functionality for both the Police and Fire Departments.

Administrative Director Morris gave an update on the computer aided dispatch system, both the in squad reporting and ticket writing systems, and in squad camera system. This same platform with some tailoring can be used for collecting data for the Fire Department. This data can be used to see patterns of Police, Fire and E.M.S. calls within the City, how it matches with the public's perception and that then can be used to tailor our services back to those areas.

Ald. Wiza said that he was a critic of the reorganization. And, while he is not confident that this is going to be a success and that there is plenty of room for improvement, he feels that there is enough progress to allow it to go forward.

Ald. Wiza asked what was the total cost of the department heads' increases.

C/T Schlice stated it was \$65,596.

Ald. Wiza asked of the proposed levy increase of 5 cents per thousand, how much would that reduce it. He noted the cost to a \$100,000 house would be \$5.00 over a year to keep our current services. He said that he has no problem with a management pay plan freeze but at some point the city would have to catch up and that is where the problem is going to be. He would rather stay the course and look for concessions in 2011 and 2012.

C/T Schlice stated it was 4 cents per thousand.

Ald. Wiza stated so 4 cents of the 5 cents increase is for pay increases.

C/T Schlice replied it depends on which portion of the budget you put in there. Actually it comes from debt services not the operational.

Mayor Halverson stated that the operational budget of the city is dropping by \$85,000. The only reason the levy is going up at all is because of the debt service and we have reduced its impact though the use of the fund balance. The rainy day fund is not being used to support operations, operations are already declining \$85,000 from a levy perspective. The only reason the general tax levy is rising at all is because of the spike in debt service. Again, the operational or general tax levy is declining. The only reason the total city levy is going up is because of debt service.

C/T Schlice noted that the cost of the salary increases was covered by the concessions made on health insurance and then some.

Ald. Wiza said that you don't always see the savings in black and white, but he had no idea that without the pay increases we would only be asking for an increase of a penny.

Mayor Halverson noted that you could apply that rational to a variety of other elements of the budget.

Ald. Slowinski stated that residents are getting their taxes raised and not just by the City. He understands the wage compression problem in the City and feels that we should just leave it alone for now and address it over the next couple of years. He noted however, that over the last five years we have raised the levy \$2 million or 20 percent with this increase. He feels that taxpayers need a break.

Mayor Halverson said that there have been years when the City has increased its levy significantly while at the same time the tax rate has declined. Those numbers are not directly correlated. If you look at the aggregate then you are correct. In terms of the taxpayers, the tax rate, which has the most impact, has been virtually flat for the last four years.

Ald. Slowinski noted that he was looking at the numbers going back to the 2006 levy and the number has increased 20 percent.

Mayor Halverson stated that the assessed value of the City has go up by several hundred million during the same time so the impact is now distributed over a much larger base and the impact on any individual taxpayer is negligible.

Meeting was recessed at 7:00 p.m.

Meeting was reconvened at 7:03 p.m.

Ald. Slowinski said as taxpayers' wages and businesses' profits are flat or declining, he feels that the City needs to do the same in that we need to operate within the revenue that we have. Looking at the proposed budget, in regards to the 2009 estimated total of \$26,574,062 and the levy of \$12,252,727, which is the actual amount. The difference between the 2009 levy and actual is \$428,680. He asked if that amount goes into the general fund.

Mayor Halverson said yes.

Ald. Slowinski stated that the Comptroller/Treasurer wants \$1.6 million in reserve for 2010 and another million for 2011.

Mayor Halverson noted that assumes that assumed carryover and non-expended funds, which this number would be included in.

Ald. Slowinski moved to amend the proposed budget for 2010, to increase the amount taken from the general fund from \$1.6 million to \$1,747,299, (which is half of the increase, being we have this \$428,680 going in there) and the other half be cut from the budget for 2010 to keep the levy level from 2009.

Ald. Wiza asked if the motion would reduce the five cent increase by four cents per thousand.

Mayor Halverson said that Mr. Slowinski would like to increase the use of General Fund Balance from \$1.6 million to \$1.747 million, in his eyes to cover half of the salary and the over half would be made up in cuts to the budget.

Ald. Wiza asked if the increase would then be zero.

Mayor Halverson said that was correct.

Ald. Wiza seconded the motion because he doesn't like the fact that 80 percent of the levy increase is due to salary increases. He believes we should suspend the pay plan for a year, and take a look at it next year.

Ald. Moore asked if the motion is to leave the levy flat and use the general fund to make up half of the salary increases and the other half would have to come from cuts in the budget.

Mayor Halverson replied that is correct.

Ald. Moore added that the motion made no proposal as to where the cuts would be made.

Mayor Halverson replied that it sounds like it gives flexibility to the Mayor and Comptroller to make those decisions.

Ald. Slowinski clarified that the cuts would be \$147,299.

Mayor Halverson asked for clarification stating that Ald. Slowinski would like to take the \$294,599, the dollar change from 2009 to 2010, take half of that out of general fund balance and cut the remaining part out of the budget-you are talking about the levy dollar, the total city tax levy, you want to take half, raise the fund balance to \$1.7427 million and take the remaining dollar and reduce that from the operational budget.

Ald. Slowinski replied correct and that the cuts would be at the Mayor's discretion. The cuts would not have to come from wages.

Mayor Halverson said that it is Ald. Slowinski's intention to keep the salary increases intact, but use the fund balance to support operations which increases the usage to \$1.7427 million and he and the Comptroller would reduce the difference between those numbers, the increase in the debt service usage and the increase in the total city levy (\$294,000), and cut that in half. The motion would use the fund balance for 50 percent of the increase and he and the Comptroller would cut the balance of that number out of the operational budget.

Ald. Slowinski replied that is correct.

Assessor Siebers noted that there was assessment growth in the City this next year so he believes with this motion the tax rate would actually be going down instead of staying the same.

Mayor Halverson agreed.

C/T Schlice noted it would drop the tax rate to \$9.22 per thousand which is a reduction of five cents per thousand from where the levy is currently.

Ald. O'Meara feels that when times are tough the City should not cut public works projects. These projects employ many people and have a tremendous multiplier effect. He said now is the time to invest in capital improvements that improve the quality of life over the long term. He believes that we need to look at macro not micro economics. He also wants to have staff available if there is additional ARRA because if we don't have high-quality staff available we are not going to be able to compete for projects.

Ald. Wiza stated that the motion he seconded was not what he or Mr. Slowinski had in mind. According to the rules, he does not believe that he can withdraw his second.

City Attorney Molepske stated that the Alderperson is correct, he cannot withdraw his second.

Mayor Halverson said that there was no lack of clarity with the person that made the motion.

Mayor Halverson restated the motion: To raise the general fund balance usage from \$1.6 million to \$1.7427 million, which would if you look at the dollar change on the updated handout in the packet, the difference between 2009 and 2010, the total city levy is \$294,599, that would cut that number in half, the balance of that number, the \$147,000 would be reduced by the Comptroller and the Mayor at their discretion operationally from the City Budget.

Roll Call: Ayes: Slowinski

Nays: Mallison, Walther, O'Meara, Wiza, M. Stroik, Trzebiatowski, Molski, R. Stroik, Brooks, Moore. Vote: 1-10, motion fails.

Ald. Wiza moved, Ald. Trzebiatowski seconded, to amend to postpone the management pay plan, reducing the amount by 4 cents per thousand and the additional one cent per thousand come out of the general fund or further reductions within the budget at the Comptroller and Mayor's discretion.

Mayor Halverson restated the motion for clarification in that it would postpone the three percent increase across the board, which would reduce the tax rate increase by about four cents so the tax rate increase would be one cent. The other component of the motion is to reduce that further by using general fund balance to offset the remaining one cent increase in the tax rate. He asked Ald. Wiza if that was correct.

Ald. Wiza replied yes.

Ald. R. Stroik said that we have issues pending in 2011 and 2012 but to suspend the management pay plan increase in the eleventh hour is short sighted. Now is the time to use these managers to come up with a plan to look across the board, whether that is employee wages or services. There is no satisfaction when you pay your tax bill because you saved five dollars. He is very proud of this community and all the things Moody continues to tell us because we have very wise management in this City that we get A ratings. He said that he cannot support this motion in its current form.

Ald. Moore said that for many years we have tried to keep an even tax levy and we were able to do that with the growth of the community. In doing that however the Council has not dealt with issues but allowed them to build up. The Council now has the opportunity to correct one of these problems and get the pay scale back to where it needs to be in order to hire and keep qualified people. If we do not take this opportunity to correct this mistake now it will become a bigger problem in the future.

Ald. Walther said that he cannot support a pay freeze for management when the unions are receiving three percent. We have a lot of managers that put in a lot of overtime that they are required to do and they do not get overtime pay. He cannot support this motion.

Ald. Mallison believes it is ridiculous to say the City has to have a zero increase because of the actions of other governmental entities. It is fundamentally flawed thinking.

Ald. Molski noted there are other cities that are in much worse financial condition. The Council has been prudent over the years and the fund balance shows that. She does not think because some other cities are freezing wages that should have any effect on us because we are not in the same boat as they are.

Ald. O'Meara believes it is important that the Council stick with the pay plan. He feels that it is not an issue of fairness but has to do with the City's ability to attract and retain quality help. If our salaries continue to be lower than the comparables in the area, the City will be an entry level employer where people will leave as soon as they can. The City needs people who are able to make wise economic decisions so it can stay solvent.

Ald. Wiza does not want to scrap the pay plan but just postpone it for a year. He noted that none of the alderpersons have had a pay increase since at least 2003 and he does not believe they are less qualified. He said the City would save 80 percent of the increase by postponing the pay raises. He wants the Council to look at this as the first step towards next year's union negotiations.

Roll Call: Ayes: Wiza, M. Stroik, Trzebiatowski.

Nays: Mallison, Walther, O'Meara, Slowinski, Molski, R. Stroik, Brooks, Moore. Vote: 3-8, motion fails.

Ald. Stroik moved, Ald. Brooks seconded, to approve the budget for the City of Stevens Point for the year 2010.

Ald. Stroik noted that he takes this job very seriously. During the three times he has run for the Council he has asked others to join the race if they do not believe that he has done a good job.

Roll Call: Ayes: Ald. Mallison, Walther, O'Meara, Wiza, Molski, R. Stroik, Brooks, Moore.

Nays: M. Stroik, Slowinski, Trzebiatowski. Vote: 8-3, motion adopted.

5. Resolution appropriating necessary funds for the City of Stevens Point for 2010 and levying the tax rate for the year 2009.

Ald. Molski moved, Ald. Brooks seconded, approving the resolution appropriating the necessary funds for the City of Stevens Point for 2010 and levying the tax rate for the year 2009.

Roll Call: Ayes: Ald. Mallison, Walther, O'Meara, Wiza, M. Stroik, Trzebiatowski, Molski, R. Stroik, Brooks, Moore.

Nays: Slowinski. Vote: 10-1, motion adopted.

6. Resolution providing for writing special assessments and special charges into the tax roll for 2009.

Ald. Wiza moved, Ald. Walther seconded, to approve the resolution providing for the writing special assessments and special charges into the tax roll for 2009.

Roll Call: Ayes: Ald. Mallison, Walther, O'Meara, Wiza, M. Stroik, Slowinski, Trzebiatowski, Molski, R. Stroik, Brooks, Moore.

Nays: None. Vote: 11-0, motion adopted.

7. Adjourned at 7:34 p.m.

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