



*** All present are expected to conduct themselves in accordance with our City's Core Values ***

OFFICIAL NOTICE AND AGENDA

of a meeting of a City Board, Commission, Department, Committee, Agency, Corporation, Quasi-Municipal Corporation, or sub-unit thereof.

Meeting of: **FINANCE COMMITTEE**
Date/Time: **Tuesday, January 6, 2015 at 5:30 PM**
Location: **City Hall, 407 Grant Street, Birch Room**
Members: Keene Winters (C), Karen Kellbach, Dave Nutting, David Oberbeck, Bill Nagle

AGENDA ITEMS FOR CONSIDERATION/ACTION

- 1 Public Comment on matters appearing on the agenda.
- 2 Minutes of the previous meeting(s) (11/11/14 & 11/18/14)
- 3 Discussion and possible action on terms of development agreement with Elk Creek Architectural LLC (Wausau Club)
- 4 Review, discussion and possible action on 2014 budgeted cost-of-living pay increases for non-represented staff.
- 5 Discussion and possible action on adopting principles or practices of zero-based budgeting.
- 6 Update from Human Resources staff on status of labor negotiations.
- 7 **CLOSED SESSION** pursuant to Section 19.85(1)(e) of the Wisconsin Statutes for bargaining reasons requiring a closed session for the purpose of considering the following: Wausau Professional Police Association and Wausau Firefighters Association, Local 415 Collective Bargaining.
- 8 **RECONVENE** into open session, to take action on closed session item, if necessary.
- 9 Review and discussion of 2015 TIF Budgets.
- 10 Discussion and possible action on the integration of property inspection with police and fire services.
- 11 Discussion and possible action on reports for monitoring the Animal Control Enterprise Fund.
- 12 Discussion and possible action on setting up an educational presentation for the council on January 13, 2015, on the subject of city administrator.
- 13
Discussion and possible action on wording for an April 7, 2015, advisory referendum to hire a city administrator.
- 14 Discussion and possible action on wording for an April 7, 2015, binding referendum on establishing a stormwater utility.
- 15 Discussion and possible action on wording for an April 7, 2015, binding referendum on repeal of the ordinance requiring the city to go to referendum before establishing a new fee.

Adjournment

Keene Winters, Chair

This notice was posted at City Hall and emailed to the Wausau Daily Herald newsroom on 12/31/14 at 3:45 pm.

It is possible and likely that members of, and possibly a quorum of the Council and/or members of other committees of the Common Council of the City of Wausau may be in attendance at the above-mentioned meeting to gather information. **No action will be taken by any such groups.**

Please note that, upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids & services. For information or to request this service, contact the City Clerk at (715) 261-6620.

Other Distribution: Media, (Alderspersons: Wagner, Neal, Gisselman, Rasmussen, Abitz, Mielke), *Tipple, *Jacobson, *Groat, Rayala, Department Heads

JOINT FINANCE AND ECONOMIC DEVELOPMENT COMMITTEES

Date and Time: Tuesday, November 11, 2014 @ 4:30 pm., Board Room

Finance Members Present: Winters, Kellbach, Nagle, Oberbeck, Nutting

ED Members Present: Nagle, Rasmussen, Oberbeck, Wagner, Neal

Others Present: Tipple, Groat, Giese, Jacobson, Hardel, Hebert, Hite, Kujawa, Duncanson, Klein, M. Lawrence, Werth, DeSantis, Mohelnitzky, Abitz, Gisselman, Rayala, Lepinski, Joe Gehin, Karen Hawking, Mr. & Mrs. Wage

In accordance with Chapter 19, Wisc. Statutes, notice of this meeting was posted and sent to the Daily Herald in the proper manner. It was noted that there was a quorum present and the joint meeting was called to order by Finance Chairperson Winters and ED Chairperson Nagle.

Public Comment on matters appearing on the agenda.

None

JOINT ITEM: Discussion and possible direction for staff regarding the Wausau Mine Company development agreement and the Bridge Street Investors Group development agreement (Community Development Staff)

Ann Werth explained these are two agreements that have noncompliance. The Bridge Street Investors Group agreement took down five dilapidated houses and in its space it created three businesses: Young's Drug Store, Bigby Coffee, and Subway. It serves a low to moderate income neighborhood. She indicated Karen Hocking was present to speak to the committee. Hocking commented this was definitely a bad neighborhood and during construction they were shot at, windows were shot out, and there were thefts, but now the project is wonderful and they feel they have cleaned up the neighborhood. She felt they made an error in 2008 when they estimated the project cost at \$1.2 million because they ended up spending a couple hundred thousand in site prep that was not anticipated. The other error was timing as just when they started the project the economy went down. She noted they doubled the jobs that they said they would bring in since then. She pointed out the agreement provides for amending or modifying and she was hoping to be able to do that to get it where it needs to be today.

Winters questioned if an invoice had ever been sent once it was discovered that we were owed money. Werth stated they did not send an invoice because there were several phone conversations and a request to appeal it. Nagle questioned what they owed to the city and Werth stated it was \$5,000. Hocking indicated they were at \$1.1 million in value. Winters questioned what they received from the city for the project and Hocking stated they did not ask for or receive any money from the city. Rasmussen stated they had three options: 1) forgive the debt; 2) compromise on a timeline for payment; or 3) demand immediate payment. Neal felt they should respect a developer who did what they said they would do and delivered what they said they would, except for what is beyond their ability to deliver.

Economic Development

Motion by Neal, second by Wagner to forgive the debt of \$5,000 owed by Bridge Street Investors Group. Motion failed 2-3.

Finance Committee

Motion by Kellbach, second by Nutting to accept \$5,000, payable at \$1,000 per year over the next five years, no interest and eliminate the provision for a \$1.2 million value going forward. Motion carried 3-1, with one abstention. (*Winters indicated he was abstaining because his wife works for Young's Drug Store.*)

Economic Development

Motion by Rasmussen, second by Neal to work out a deferred payment arrangement with Bridge Street Investors Group, LLC of \$1,000 per year for the next five years, no interest; and eliminate the provision for a \$1.2 million value going forward. Motion carried 3-2.

Ann Werth explained a number of years ago the city did reconstruction on Stewart Avenue and they did not relocate Wausau Mine Company in order to save money on the project. The reconstruction created a huge safety issue because the street was right next to the building. The city came to an agreement with Wausau Mine that the city would do in-kind services to tear down the existing building and Wausau Mine would build a new building. All

access was taken off of Steward Avenue. She indicated Wausau Mine Company has not met the obligation of the agreement on assessed value by \$10,000. Mr. Wage, owner, was present and stated they have been in the community 35 years and had they stayed in the old building the taxes were approximately \$60,000, but have gone up to \$105,000 with the new building. They have gone from 26 employees to 60. The building is unique and difficult to appraise.

Winters questioned what the value of the in-kind services was and Werth stated it was \$23,000.

Finance Committee

Motion by Nutting, second by Kellbach for an arrangement with Wausau Mine Company of deferred payment of \$1,000 per year for ten years, no interest; and eliminate the provision for value going forward. Motion carried 5-0.

Economic Development

Motion by Rasmussen for an arrangement with Wausau Mine Company of deferred payment of \$1,000 per year for ten years, no interest; and eliminate the provision for value going forward. Following discussion Rasmussen withdrew and indicated she would be willing to direct staff to go back to the table with Wausau Mine Company to work out an arrangement.

Motion by Neal to remedy both agreements in the same way so that both developers have the same of \$1,000 per year for the next five years, no interest; and eliminate the provision for value going forward. Motion died for lack of second.

Motion by Wagner, second by Rasmussen to send this back to staff to work with Wausau Mine Company to arrange a five year or ten year payback plan that works for them. Motion carried 4-1.

Adjournment of ED Committee

Motion by Wagner, second by Rasmussen to adjourn the Economic Development Committee. Motion carried unanimously. ED adjourned at 5:20 p.m.

Finance Committee continues:

Minutes of previous meeting(s) (Budget sessions -10/13/14, 10/14/14, and regular meeting-10/14/14)

Motion by Kellbach, second by Nutting to approve the minutes of previous meetings (10/13/14, 10/14/14). Motion carried 5-0.

Discussion and possible action on the 2015 City of Wausau Fee Schedule (Groat)

Groat explained as part of the budget process we submitted the fee schedule for each department and asked them to review it and provide recommendations for updates. She reviewed the recommended changes in detail.

Motion by Nutting, second by Nagle to approve the 2015 Fee Schedule as presented. Motion carried 5-0.

Discussion and possible action to provide fire inspection services to the Town of Wausau (Kujawa)

Dave DeSantis explained the Town of Wausau had contracted with retired Fire Inspector, Jim Binkowski, who had worked for the City of Wausau. He has now re-retired and will be giving up doing inspections for some of the outlying townships. DeSantis indicated he was approached by the Fire Chief of the Town of Wausau and was asked if the city would be able to take on their fire inspections. He stated with MABAS coming on board we will be potentially responding to fires in their area and we need to get familiar with those facilities and what they have in them. The total number is 48 – 52 inspections and the Town of Wausau would pay \$25 per inspection plus mileage. He explained the process would be for us to go out and do the initial inspection on the property; email the chief and the building owner a violation notice or an inspection with no violation; their staff would follow-up with any re-inspections; and we would assist them with preparing any necessary reports through the state. He anticipated the first time around to take him two and half days to gather information and build it into the system; after that they should be able to complete them in two days' time.

Oberbeck stated he would like to see a cost analysis that looks at our actual time and expenditures. He felt their town residents should be paying for this service. We have the training invested and all of the assets in Wausau which our residents are paying for. He found it a challenge that they could get that service for lower cost than what our residents pay. Kujawa stated what they will be providing to us monetarily was a fair assessment of our actual costs. Nagle commented these agreements have always troubled him because the townships always compare their taxes to Wausau's. He felt in the future going forward they should consider a fire district of 50,000-60,000 people. Winters suggested in the future the department might take into consideration the employees' wages, fringe benefits, plus a 9% overhead rate to get an hourly cost.

Motion by Winters, second by Nagle to approve the agreement to provide fire inspections to the Town of Wausau. Motion carried 5-0.

Discussion and possible action regarding transfer of funds for the Police Department - (Hardel)

Chief Hardel stated they budget \$3,000 to cover all of the K-9 needs, including food and veterinarian bills. He explained this past year there were two significant injuries to the K-9's resulting in two surgeries and one of the K-9's died following its surgery. He indicated they were currently more than \$1,000 under budget because we don't have the funds to pay for those vet bills at this time. He noted it is unusual to have significant surgeries in one year like this. He requested a transfer from the PD salary fund because there were a number of open positions.

Motion by Nutting, second by Kellbach to approve the transfer for the Police Department. Motion carried 5-0.

Discussion and possible action on the implementation of a \$5 convenience fee for pet licenses issued at City Hall - (Council Member Rasmussen)

Rasmussen explained we have been looking at ways to adjust pet licensing revenue and flow into the animal control account. Public Health & Safety Committee undertook a number of things, one of which was a wholesale license fee increase for all pet owners, but we decided not to do that this year. The bottom line is that we still pay \$3.90 for every license we sell to PetData for the online service and we are paying it for licenses we sell across the counter as well. She indicated our Weston partners are only using PetData and no longer sell over the counter; they installed a kiosk for people to use and will help them if they need it. She noted when you renew your license plates at Trig's or go to the DMV to do it, there is a \$5.00 service fee. She felt a counter fee may incentivize citizens to use the online service more and we would get back some of the money we are paying to PetData.

Oberbeck felt \$5 was excessive and it would especially target the elderly who may not have computers and who come in to pay their taxes and pet license fees. Nutting clarified the fee should be \$5 no matter how many pet licenses an individual may need, not \$5 per license. Groat noted there are a number of people who mail in their pet license fee with their tax bill and questioned if they would be required to pay the counter fee. Rasmussen felt it should be the face to face personal service that is charged the counter fee.

Motion by Nutting, second by Kellbach to approve a \$5 convenience fee per visit for pet licenses issued at City Hall. Motion carried 3-2.

Discussion and possible action on review of position changes in the 2015 budget - (Hite)

Myla Hite stated the proposal for the 2015 Mayor's budget includes the addition of four FTE's. She explained how the positions were calculated from 2014 to 2015. The additions would be two positions for the Police Department and two within the City/County IT Department.

Consider approval of lease agreement of city-owned property adjacent to 206 Grand Avenue (Koz Holdings LLC d/b/a Pro Players Sports Bar and Grill)

Jacobson stated since it was last renewed five years ago the Bureau of Aeronautics has put in place a compliance review plan. She stated instead of being a five year lease renewable in five year increments the Bureau of Aeronautics requested that it be an annual renewable lease term. A requirement of the BOA is that we obtain fair market value for the leasing of any property that is airport property that is not currently used for airport purposes. BOA also suggested that the revenue generated from this lease go to the airport to be used for airport purposes, not into the city general fund. She indicated the lessee has requested that the airport provide snow and ice removal

from the leased premises. Currently the lease provides that the lessee do that and he has indicated it costs him approximately \$4,000 per year. Winters pointed out this is just a tiny portion of Pro Players parking lot.

Motion by Nagle, second by Oberbeck to approve the lease agreement with Koz Holdings LLC on a one year basis without snow removal. Motion carried 5-0.

Winters called for adjournment and indicated the remaining items would be brought back to the next meeting.

Discussion regarding the list of properties owned by the city but not used for parks or government services - (Community Development Staff)

Update on the City of Wausau Strategic Planning process (Tipple, Groat)

Discussion and possible action regarding five year financial projections (Groat)

September 2014 General Fund Financial Report (Groat)

Review of existing vacant positions.

Adjournment

Motion by Kellbach, second by Oberbeck to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 5:50 pm.

SPECIAL FINANCE COMMITTEE

Date and Time: Tuesday, November 18, 2014 @ 7:00 pm., Council Chambers

Members Present: Winters, Kellbach, Nagle, Oberbeck, Nutting

Other Council Members Present: Wagner, Neal, Rasmussen, Abitz, Mielke

Others Present: Tipple, Groat, Giese, Jacobson, Hite, Kujawa, Hardel, Wesolowski, Duncanson, Hebert, Klein, Werth, Mohelnitzky, and an audience of interested parties.

The meeting was called to order by Chairperson Winters. It was posted that a possible quorum of the Council would be present but no action would be taken by the Council as a whole.

Review of Existing Position Vacancies (Hite)

Myla Hite, Human Resource Director, stated there were nine total vacant positions in public safety: four of those positions are in the Fire Department; four positions are in the Police Department; as well as four vacant positions in DPW, including the Director of Public Works; and Administrative Assistant position; Electrical Worker III, and a Plumbing Inspector position. She noted they are currently in the process of recruiting for a Bus Operator for Metro Ride that has been vacant since June and there is a pending offer on the Electrical Worker III position. She reviewed the proposed positions for 2015.

Discussion and Possible Action on the Airport Fees (Groat)

Groat stated at the last Finance Committee meeting they considered the 2015 Fee and License Schedule which is going to Council for consideration on November 25, 2014. She noted at that time the Airport Committee had not yet met to evaluate the hangar lease rates. She indicated they met last week and recommended a 1.5% increase to those rates. The hangar rates are set based on the amenities and size of the hangar and range from \$86.79 to \$184.16 at the current monthly rate; with the proposal they would change to a rate of \$88.09 to \$186.92.

Motion by Nagle, second by Kellbach to incorporate the airport fees into the 2015 Fee and License Schedule.
Motion carried 5-0.

Discussion and Possible Action on a Budget Amendment Process for the Council Meeting on Nov. 25th (Winters)

Winters stated the goal was to decide on a process for orderly consideration of possible changes to the 2015 budget with accurate cost information that people can view in advance of the final discussion on November 25, 2014. He indicated the process would start tonight with brainstorming possible budget reductions. He explained Council members have been asked to send ideas through email which have been collected and included in their packets. He stated they can add to them and the list will be compiled for review and staff can put in final dollar amounts. He suggested having it introduced as one large amendment and the Council would have an opportunity to strike the things they didn't like. A spreadsheet with all the items in it could be put up on the projection screen and when something is voted out and deleted they would be able to see the new total.

Discussion and Possible Action on Proposed Changes to the 2015 City Budget (Winters)

Ideas agreed upon for staff to put a cost to:

- Roll back of the half-time position in the Assessment Department.
- Roll back of the 0.38 FTE Payroll Clerk in the Finance Department.
- \$14,000 proposed increase for an audit of the Community Development Department.
- Eliminate all department level budgets for legal services.
- Cut cleaning services of City Hall in half.
- Eliminate all Assessment Department staff and obtain the services from a contract vendor.
- Fund public access TV coverage of all committee meetings.
- Roll back the .075 FTE Administrative Assistant added during 2014
- Defer borrowing and reduce debt service for Schulenberg and Memorial Pools Projects
- One-time transfer from the Motor Pool Fund to the General Fund to reflect lower fuel prices.
- Reduce increase in subsidy for airport operations from \$10,000 to \$5,000.
- Rough cut or reduce grass cutting in the smallest one-third of the parks and additional natural growth areas.
- Look into using Huber release prisoners to cut grass in parks.

- Reduce Park Department budget to compensate for transferring 400 Block expenses to a segregated fund.
- Eliminate the large item pick-up or have a central drop off site.
- Eliminate a half-time position in Parks and a half-time position in Public Works.
- Go to bi-weekly garbage pick-up.
- Defer hiring four vacant Firefighter positions for three months.
- Roll back 1 FTE Property Inspector when all inspections are combined under the Fire Department by 3/30/2015.
- Reduce 0.12 FTE Administrative Assistant (Currently filled by Temp).
- Defer hiring two vacant police positions for six months.
- 2% overall reduction in payroll through the use of four hour furloughs by departments. (Does not apply to the public safety departments with unions)
- Pay freeze (no cost of living increase)
- Sell our over-sized buses and transition to smaller, more efficient transit vehicles
- Preauthorization needs based overtime. (Overtime reduction program 10%)
- Eliminate all wayfinding projects.
- Sponsorship program by Parks Department (\$40,000)
- Eliminate all grants and go to loans at zero percent for any TIF or developments
- Omit services to surrounding communities – generate estimate of cost for doing services
- Eliminate funds to Boys & Girls Club programs
- City-owned properties auction

Public Input for Matters Appearing on the Agenda

Comments from the audience:

Mark Hadley

Dennis Smith

Ardin Emmerich

Donna Mae Normand

Deb Ryan

Bernie Delonay

Jack Hagandike

Barbara Frazier-Herera

Adjournment

Motion by Nagle, second by Nutting to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 9:10 p.m.

Elk Creek Architectural, LLC

Architectural Craftsmen
9290 County Road A, Wausau, WI 54401

MEMO TO: Mayor Tipple, City Council Members, Finance Committee

FROM: Mark Goffin, Elk Creek Architectural

DATE: Dec. 31, 2014

SUBJECT: Wausau Club Proposal

The River District is poised to become much more than a place to visit. Whether you are from out of town or live just down the street, the River District can become a place to experience. It is our expectation that we will create a River District destination marketplace that will compliment rather than compete with other local businesses. Combining the building's rich history and the community's sweeping emphasis and desire for creative and eclectic atmospheres; the proposed use of this iconic structure is both ideal and sustaining.

I have been working toward and preparing for this project for almost a year to date. It is very dear to me...for many reasons. I will be mortgaging more than \$350,000 and through material on hand and sweat equity, I will place another \$186,000 into the project; for a total of \$536,000. This project is fortunate to have the opportunity to receive nearly \$500,000 in a Community Development Grant from WEDC. Our original goal was to meet a September deadline for submitting the application. For whatever reason, the project did not move forward at the City level. Our next opportunity for the application is due January 20. One of the criteria for the application is to have City involvement and a contingent approval, as the CDI grant is flow-through funding from the State to the project.

I wish to emphasize that we are only seeking a 'conceptual' or contingent approval from the Finance Committee and City Council. This approval, by all means, is not a final blessing for the project or TIF funds. It merely allows Elk Creek to take the next important step in acquiring this available funding for the Wausau Club redevelopment.

I regret to inform each of you that I will not be in attendance for the January 6th Finance Committee meeting, as I will be out of the State. Please do not misconstrue my absence as if this project is not important. This would rebuke the effort and time I have poured into it thus far. Several months ago my family made travel and lodging plans for December 31 through January 11. Although it is unfortunate the Finance Committee meeting was moved from its original date of January 13, I truly believed that this project and the opportunity to redevelop the Wausau Club building, place it back on the tax role, and create 25-32 jobs is an important matter of the City.

I greatly appreciate your time and consideration of the proposal for Elk Creek to redevelop the Wausau Club building. Please join me in this effort to rehabilitate the beloved historic structure that is so prevalent in the River District, yet currently so underused. With your approval, or contingent approval, we are one step closer to giving it life, and once again, a productive lifestyle as The Mercantile.

Sincerely,
Mark Goffin

Statement of Cash Flow Projections for The Mercantile

	2015	2016	2017	2018	2019	2020	2021	2022	2023	Activity
\$	8000	32000	65000	96000	114000	126000	138000	150000	159000	Revenue
	0	0	0	0	(7980)	(8820)	(9660)	(10500)	(11130)	Vacancy (Bad Debt) 7%
	8000	32000	65000	96000	106020	117180	128340	139500	147870	Effective Gross
	0	0	(5000)	(7500)	(12000)	(12000)	(12000)	(15000)	(15000)	Admin & Expenses
	(500)	(1000)	(2500)	(5000)	(10000)	(12000)	(15000)	(18000)	(18000)	Maint & Repairs
	0	(3000)	(3000)	(3000)	(3000)	(3000)	(3000)	(3000)	(3000)	Common Utilities
	0	(12575)	(15575)	(18900)	(21375)	(23400)	(26400)	(26400)	(26400)	Property Tax
	0	(3000)	(6000)	(6000)	(8000)	(8000)	(12000)	(12000)	(15000)	Insurance
	(1000)	(1000)	(2000)	(2000)	(2000)	(2000)	(2000)	(2000)	(3000)	Reserve
	6500	11425	30925	53600	49645	56780	57940	63100	67470	Net Before Debt
	(9075)	(9075)	(9075)	(33270)	(33270)	(33270)	(33270)	(33270)	(33270)	Debt 1 \$363,000
	(2575)	2350	21850	20330	16375	23510	24670	29830	34200	Net Cash
	25000	22425	24775	46625	66955	83330	106840	131510	161340	Beginning Cash Balance
	22425	24775	46625	66955	83330	106840	131510	161340	195540	End Cash Balance

Rent Revenue for The Mercantile

8000	24000	24000	24000	24000	24000	30000	30000	30000	30000	Salon & Spa
	8000	24000	24000	24000	24000	24000	30000	30000	30000	Wine Bar & Pub
		9000	18000	18000	18000	18000	18000	24000	24000	Bakery
		8000	24000	24000	24000	24000	24000	24000	24000	Events Hall
			6000	6000	6000	6000	6000	6000	9000	Office Space
				12000	12000	12000	12000	12000	18000	Design Gallery
				6000	12000	12000	12000	12000	12000	Cellar
						6000	12000	12000	12000	Lower Level
8000	32000	65000	96000	114000	126000	138000	150000	159000	159000	Total Rent Revenue

ZERO-BASED BUDGETING

In most cases, a budget process will be focused on the incremental changes, the new things people want to add. Everything in the “base” or last year's spending is assumed to be necessary and important.

As the title implies, zero-based budgeting makes the base amount for all programs and activities zero, and compels priority setting among new and existing programs alike. More background on zero-based budgeting is attached.

The purpose of this agenda item is to discuss, and possibly act upon, adopting some of the principles of zero-based budgeting in our own budget process. In particular, we may want to look at a more systematic approach to priority setting.

In the recent budget debate, we had two good examples of the value of re-examining existing programs or activities. Bill Ducanson brought to us the idea of mowing less of our parks. Having natural areas would improve the aesthetics, make the environment more habitable and save money on mowing. The only reason city parks were being mowed more than county parks was that we had a city ordinance requiring mowing.

Likewise, Ric Mohelnitzky talked to us about discontinuing the use of sand barrels. He pointed out how some were hardly ever used while others were virtually looted of their contents on a regular basis for private purposes. We were getting a very small public benefit relative to the amount of time and effort that DPW spent on barrels.

To begin, we might explore these concepts by asking departments early in the year, what are the least productive or least beneficial activities they perform. What gives us our lowest “bang for the buck?”

Then, later, we can talk about whether we can re-redirect the investment of those public resources to produce a greater public good?

Prepared by: Keene Winters
December 29, 2014

Zero-based budgeting

From Wikipedia, the free encyclopedia

Zero-based budgeting is an approach to planning and decision-making that reverses the working process of traditional budgeting. In traditional incremental budgeting (Historic Budgeting), departmental managers justify only variances versus past years, based on the assumption that the "baseline" is automatically approved. By contrast, in zero-based budgeting, every line item of the budget must be approved, rather than only changes.^[1] Zero-based budgeting requires the budget request be re-evaluated thoroughly, starting from the zero-base. This process is independent of whether the total budget or specific line items are increasing or decreasing.

The term is sometimes used in personal finance to describe "zero-sum budgeting", the practice of budgeting every unit of income received, and then adjusting some part of the budget downward for every other part that needs to be adjusted upward.

Zero based budgeting also refers to the identification of a task or tasks and then funding resources to complete the task independent of current resourcing.

Contents

- 1 Advantages
- 2 Disadvantages
- 3 Use in the public sector
 - 3.1 Background
 - 3.2 Definition
 - 3.3 Components of a public sector ZBB analysis
 - 3.4 Defining the government program zero-base
 - 3.5 Importance of performance measures
 - 3.6 Impact of ZBB on Government Operations
- 4 See also
- 5 References

Advantages

1. Efficient allocation of resources, as it is based on needs and benefits rather than history.
2. Drives managers to find cost effective ways to improve operations.
3. Detects inflated budgets.
4. Increases staff motivation by providing greater initiative and responsibility in decision-making.
5. Increases communication and coordination within the organization.
6. Identifies and eliminates wasteful and obsolete operations.
7. Identifies opportunities for outsourcing.

8. Forces cost centers to identify their mission and their relationship to overall goals.

Zero based Helps in identifying areas of wasteful expenditure, and if desired, can also be used for suggesting alternative courses of action.

Disadvantages

1. More time-consuming than incremental budgeting.
2. Justifying every line item can be problematic for departments with intangible outputs.
3. Requires specific training, due to increased complexity vs. incremental budgeting.
4. In a large organization, the amount of information backing up the budgeting process may be overwhelming.

Use in the public sector

Background

Zero Base Budgeting (ZBB) in the public sector and the private sector are very different processes, and this must be understood when implementing a ZBB process in the public sector. “The use of ZBB in the private sector has been limited primarily to administrative overhead activities (i.e. administrative expenses needed to maintain the organization...).”^[2] For example, Peter Pyhrr used ZBB successfully at Texas Instruments in the 1960s and authored an influential 1970 article in Harvard Business Review. In 1973, President Jimmy Carter, while governor of Georgia, contracted with Pyhrr to implement a ZBB system for the State of Georgia executive budget process.^[3]

President Carter later required the adoption of ZBB by the federal government during the late 1970s. “Zero-Base Budgeting (ZBB) was an executive branch budget formulation process introduced into the federal government in 1977. Its main focus was on optimizing accomplishments available at alternative budgetary levels. Under ZBB agencies were expected to set priorities based on the program results that could be achieved at alternative spending levels, one of which was to be below current funding.”^[4]

According to Peter Sarant, the former director of management analysis training for the US Civil Service Commission during the Carter ZBB implementation effort, “ZBB means “different things to different people.” Some definitions are implying that zero-base budgeting is the act of starting budgets from scratch or requiring each program or activity to be justified from the ground up. This is not true; the acronym ZBB, is a misnomer. ZBB is a misnomer because in many large agencies a complete zero-base review of all program elements during one budget period is not feasible; it would result in excessive paperwork and be an almost impossible task if implemented.”^[5] In many respects the “common misunderstanding” of ZBB noted above resemble a “sunset review” process more than a traditional public sector ZBB process.

Definition

According to Sarant, ZBB is a technique which complements and links to existing planning, budgeting and review processes. It identifies alternative and efficient methods of utilizing limited resources . It is a flexible management approach which provides a credible rationale for reallocating resources by focusing on a systematic review and justification of the funding and performance levels of current programs.”

A method of budgeting in which all expenses must be justified for each new period. Zero-based budgeting starts from a "zero base" and every function within an organization is analyzed for its needs and costs. Budgets are then built around what is needed for the upcoming period, regardless of whether the budget is higher or lower than the previous one.

ZBB allows top-level strategic goals to be implemented into the budgeting process by tying them to specific functional areas of the organization, where costs can be first grouped, then measured against previous results and current expectations.

Components of a public sector ZBB analysis

In general there are three components that make up public sector ZBB:

1. Identify three alternate funding levels for each decision unit (Traditionally, this has been a zero-base level, a current funding level and an enhanced service level.);
2. Determine the impact of these funding levels on program (decision unit) operations using program performance metrics; and
3. Rank the program "decision packages" for the three funding levels.

The process was also specifically intended to involve both program staff and budget staff in the process. In many cases, program staffers were asked to look for alternative service delivery models that could deliver services more efficiently at lower funding level.

The US General Accounting Office (GAO) reviewed past performance budgeting initiatives in 1997 and found that ZBBs "main focus was on optimizing accomplishments available at alternative budgetary levels. Under ZBB agencies were expected to:

Set priorities based on the program results that could be achieved at alternative spending levels, one of which was to be below current funding.

1. In developing budget proposals, these alternatives were to be ranked against each other sequentially from the lowest level organizations up through the department and without reference to a past budgetary base.
2. In concept, ZBB sought a clear and precise link between budgetary resources and program results." [6]

Further, "ZBB illustrated the usefulness of:

1. Defining and presenting alternative funding levels; and
2. Expanded participation of program managers in the budget process."

The federal ZBB budgeting system had the following components: "Budget requests for each decision unit were to be prepared by their managers, who would (1) identify alternative approaches to achieving the unit's objectives, (2) identify several alternative funding levels, including a "minimum" level normally below current funding, (3) prepare "decision packages" according to a prescribed format for each unit, including budget and performance information, and (4) rank the decision packages against each other." [7]

ZBB was officially eliminated in federal budgeting on August 7, 1981. "Some participants in the budget process as well as other observers attributed certain program efficiencies, arising from the consideration of alternatives, to ZBB. Interestingly, ZBB established within federal budgeting a requirement to:

1. Present alternative levels of funding; and
2. Link (them) to alternative results.” [8]

This element of the ZBB budgeting process remained in effect through the Reagan, Bush and early Clinton administrations before being eliminated in 1994.

Defining the government program zero-base

As noted earlier, there is often considerable confusion over the meaning of zero-base budgeting. There is no evidence that public sector ZBB has ever included “building budgets from the bottom up” and “reviewing every invoice” as part of the analysis. In discussions of ZBB, there is often confusion between a ZBB process and a sunset review process. In a sunset review the entire function is eliminated unless evidence is provided of program effectiveness. This confusion ultimately leads to the question: what is a zero-base?

Sarant’s definition of the zero-base based on the federal training experience is: “A minimum level is actually the grass roots funding level necessary to keep a program alive. Therefore, the minimal level is the “program or funding level below which it is not feasible to continue a program... because no constructive contribution can be made toward fulfilling its objective.” [9] Identifying this level of program funding has been subjective and problematic.

Consequently, “some states have selected arbitrary percentages to insure that an amount smaller than last year’s request is considered. They do this by stipulating that one alternative must be 50 or 80 or 90 percent of last year’s request.” [10] This equates to analyzing the impact on program operations of a 10, 20 or 50 percent reduction in funding as the “zero base” funding level.

Importance of performance measures

Performance measures are a key component of the ZBB process. At the core, ZBB requires quality measures that can be used to analyze the impact of alternative funding scenarios on program operations and outcomes. Without quality measures ZBB simply will not work because decision packages cannot be ranked. To perform a ZBB analysis “alternative decision packages are prepared and ranked, thus allowing marginal utility and comparative analysis.” [11]

Traditionally, a ZBB analysis focused on three types of measures. “They (federal agency program staff) were to identify the key indicators to be used in measuring performance and results. These should be “measures of:

1. effectiveness,
2. efficiency, and
3. workload for each decision unit.

Indirect or proxy indicators could be used if these systems did not exist or were under development.” [12]

Impact of ZBB on Government Operations

According to the GAO:

“Agencies believed that inadequate time had been allowed to implement the new initiative. The requirement to compress planning and budgeting functions within the timeframes of the budget cycle had proven especially difficult, affecting program managers’ ability to identify alternative approaches to accomplishing agency objectives. Some agency officials also believed that the performance information needed for ZBB analysis was lacking.” [13]

According to the National Conference of State Legislatures:[14]

“In its original sense, ZBB meant that no past decisions are taken for granted. Every previous budget decision is up for review. Existing and proposed programs are on an equal footing, and the traditional state practice of altering almost all existing budget lines by small amounts every year or two would be swept away. No state government has ever found this feasible. Even Georgia, where Governor Jimmy Carter introduced ZBB to state budgeting in 1971, employed a much modified form.

State programs are not, in practice, amenable to such a radical annual re-examination. Statutes, obligations to local governments, requirements of the federal government, and other past decisions have many times created state funding commitments that are almost impossible to change very much in the short run. Education funding levels are determined in many states partly by state and federal judicial decisions and state constitutional provisions, as well as by statutes. Federal mandates require that state Medicaid funding meet a specific minimum level if Medicaid is to exist at all in a state. Federal law affects environmental program spending, and both state and federal courts help determine state spending on prisons. Much state spending, therefore, cannot usefully be subjected to the kind of fundamental re-examination that ZBB in its original form envisions.

To the extent that ZBB has encouraged governors and legislators to take a hard look at the impact of incremental changes in state spending, it produced a significant improvement in state budgeting. But in its classic form--begin all budget evaluations from zero--ZBB is as unworkable as it ever was.”

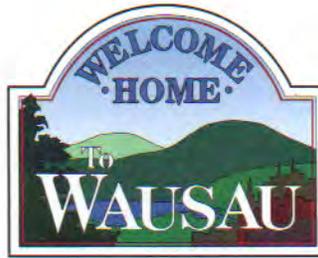
See also

- Personal budget
- Envelope system
- Participatory budgeting
- Programme budgeting
- Zero deficit budget

References

1. ^ Zero Based Budgeting..Learn How To Justify Your Business Forecasts (<http://www.small-business-accounting-guide.com/zero-based-budgeting.html>)
2. ^ Thomas D. Lynch, *Public Budgeting in America* (Prentice Hall, 3rd Edition, 1990), 51.
3. ^ Thomas D. Lynch, *Public Budgeting in America* (Prentice Hall, 3rd Edition, 1990), 51.
4. ^ GAO, *Performance Budgeting: Past Initiatives Offer Insights for GPRA Implementation* (March 1997), 6.
5. ^ Peter Sarant, *Zero-base Budgeting in the Public Sector, A Pragmatic Approach* (Addison-Wesley 1978), 3.
6. ^ GAO, *Performance Budgeting: Past Initiatives Offer Insights for GPRA Implementation* (March 1997), 6.
7. ^ GAO, *Performance Budgeting: Past Initiatives Offer Insights for GPRA Implementation* (March 1997), 6.
8. ^ GAO, *Performance Budgeting: Past Initiatives Offer Insights for GPRA Implementation* (March 1997), 6.

KEENE T. WINTERS
District 6 Alderperson
Phone: 715-675-0060
Fax: 715-298-0558



Home Address:
3824 Riverview Drive
Wausau, WI 54403
keene.winters@ci.wausau.wi.us

WAUSAU COMMON COUNCIL

DATE: December 24, 2014

TO: Wausau Common Council
Human Resources Committee

FROM: William Nagle, Chair, Economic Development Committee
Keene Winters, Chair, Finance Committee

SUBJECT: Negotiations with Represented Employees

On December 8th, the Human Resources Committee met and provided direction to Human Resources Director Myla Hite regarding negotiations for salary increases for represented employees.

On December 9th, the full Common Council imposed a wage freeze on non-represented employees for 2015. We believe that the Human Resources Committee should revisit its decision from December 8th in light of newly stated council policy on wages.

As a matter of fairness, we think there should be consistency in the way we approach wage increases for represented and non-represented employees. If economic and budgetary conditions warrant a wage freeze for non-represented employees then the same factors should be considered for all other employees.

In matters such as wage increases, it is important to use objective, data-driven methods for reaching conclusions whenever possible. We also believe the committee should invest time in updating the list of comparable municipalities in Wisconsin and consider using arbitration to arrive at an objective, data-driven decision.

In those years in which we have contract negotiations with our unions, providing direction to the negotiations staff is one of the most consequential things we do. We believe that the Human Resources Committee has an obligation to forward its recommendation on our negotiating position to the full council for consideration. This is too important of a decision for the members of the Human Resource Committee to speak for the entire council.

Attached is a table of data from the 14 cities and villages in Wisconsin that have populations within 10,000 of Wausau. As the data shows, we already have the 2nd highest tax rate and the 3rd lowest incomes in the peer group. Wausau's citizens are tied for 2nd highest in the percentage of income that they pay in city taxes. Wausau has the 2nd highest rate of unemployment in the 14-member group. At first glance, there seems to be objective evidence that the citizens of Wausau are already making an extraordinary effort to fund police, fire, ambulance and other city services, despite low incomes and a relatively weak local economy.

Please reconsider this matter and forward your recommendations to the full council as soon as possible.

cc: Wausau Common Council
Myla Hite, HR Director

MUNICIPAL TAX & ECONOMIC STATISTICS FOR WISCONSIN CITIES & VILLAGES WITH POPULATIONS WITHIN 10,000 OF WAUSAU

	2012 Pop.	Tax Levy per Capita '12	Municipal Property Tax Rate '12	Income/ State Tax Return '12	Percent of Income Paid in Property Taxes	Final Unemploy- ment Rate Oct. '14
Beloit	36,850	\$370.59	\$10.87	\$32,580	1.14%	7.40%
Wausau	39,160	\$549.47	\$9.07	\$43,570	1.26%	5.80%
West Bend	31,380	\$616.29	\$8.56	\$48,970	1.26%	5.70%
Manitowoc	33,750	\$417.04	\$7.89	\$44,010	0.95%	5.30%
Fond du Lac	43,100	\$484.22	\$8.22	\$45,730	1.06%	5.00%
Sheboygan	49,110	\$435.44	\$9.00	\$42,240	1.03%	4.80%
Greenfield	36,740	\$598.68	\$8.01	\$44,850	1.33%	4.60%
Brookfield	37,870	\$942.12	\$6.04	\$100,390	0.94%	4.40%
New Berlin	39,770	\$609.03	\$5.28	\$68,340	0.89%	4.30%
Oak Creek	34,530	\$552.77	\$6.72	\$53,580	1.03%	4.00%
Menomonee Falls	35,680	\$614.21	\$5.33	\$66,880	0.92%	4.00%
Franklin	35,520	\$577.39	\$5.99	\$74,130	0.78%	4.00%
Wauwatosa	46,320	\$799.45	\$7.86	\$68,860	1.16%	3.90%
Sun Prairie	29,840	\$639.24	\$8.41	\$57,720	1.11%	3.70%
Average	37,830	\$586.14	\$7.66	\$56,561	1.04%	4.78%

Wausau's Rank	5 th	10 th	2 nd	12 th	2 nd	2 nd
---------------	-----------------	------------------	-----------------	------------------	-----------------	-----------------

- Higher than Wausau
- Lower than Wausau

Sources: Wisconsin Taxpayers Alliance & Wisconsin Department of Workforce Development

Prepared by: Keene Winters
December 24, 2014

SUMMARY OF WAUSAU'S 2015 TAX INCREMENTAL FINANCING BUDGET

	TIF #3	TIF #5	TIF #6	TIF #7	TIF #8	TIF #9	TIF #10	Totals
Timeframe								
Date Created:	09/01/94	07/31/97	05/11/05	01/11/06	04/10/12	09/25/12	09/10/13	
Mandated Dissolution Date:	09/01/31	07/31/20	05/10/25	01/10/26	04/10/39	09/25/39	09/10/33	
Property Tax Revenue								
Total Increment	\$1,850,692	\$1,182,063	\$1,528,014	\$522,457	\$265,299	\$11,695	\$14,265	\$5,374,485
City's Share (Estimated)	\$661,282	\$422,370	\$545,984	\$186,682	\$94,796	\$4,179	\$5,097	\$1,920,391
Development Expenses								
Developer Payments, Grants & Contributions			\$328,600	\$75,000	\$50,000			\$453,600
Infrastructure Expenses								
Riverbank Improvements	\$1,000,000							\$1,000,000
Wayfinding	\$60,000		\$60,000	\$30,000				\$150,000
Walkway	\$1,325,000	\$1,174,000 *						\$2,499,000
Contracts & Administration	\$170,000	\$40,000 *	\$32,150	\$92,000	\$135,000	\$3,200	\$1,200	\$473,550
Street Construction	\$800,000		\$4,650,000		\$1,000,000			\$6,450,000
Riverfront Parking Lot	\$200,000							\$200,000
River Warf	\$400,000							\$400,000
Utility Relocation	\$1,000,000				\$450,000			\$1,450,000
Stormwater Study & Construction				\$200,000				\$200,000
Total Project Spending	\$4,955,000	\$1,214,000	\$5,070,750	\$397,000	\$1,635,000	\$3,200	\$1,200	\$13,276,150
Debt Service Costs	\$2,092,976	\$281,028	\$703,182	\$631,951	\$5,225	\$75,405	\$7,625	\$3,797,392
Total Spending Including Debt Service	\$7,047,976	\$1,495,028	\$5,773,932	\$1,028,951	\$1,640,225	\$78,605	\$8,825	\$17,073,542
Indebtedness								
Outstanding Debt Obligations 12/31/2014	-\$13,808,447	-\$815,000	-\$3,654,667	-\$2,452,540	-\$190,000	-\$565,000	-\$310,000	-\$21,795,654
Accumulated Fund Balance 12/31/2014	-\$1,614,315	-\$670,208	-\$1,009,519	-\$1,796,871	\$100,624	-\$91,501	-\$1,323,126	-\$6,404,916
Total Indebtedness 12/31/2014	-\$15,422,762	-\$1,485,208	-\$4,664,186	-\$4,249,411	-\$89,376	-\$656,501	-\$1,633,126	-\$28,200,570
Projected Fund Balances 12/31/2015	-\$1,731,254	-\$983,173	-\$717,652	-\$2,303,365	\$125,698	-\$109,877	-\$117,680	-\$5,837,303

* Deleted from the Mayor's Budget by the City Council

Source: City Budget Presentation Document

INTEGRATION OF PROPERTY INSPECTIONS WITH POLICE & FIRE PROTECTION SERVICES

Background: Since becoming an alderman, I have kept a spreadsheet of property inspection warning letters from District 6. My review of that data has caused me to think about how we might approach this task in a more integrated or holistic manner.

A copy of the spreadsheet is attached. As you can see, about 20% of the warnings were for minor and easily-observable structural items. The remaining 80% were for basic, easily-observable, non-structural items such as mis-parked vehicle and piles of refuse.

The 80% non-structural item could be integrated with a community policing program. This program would put community service officer (i.e., our version of police interns) on foot and in neighborhoods on a seasonal basis. It would give us “eyes and ears” in the neighborhoods as well as get tickets written to fight blight.

For the remaining 20% plus rental inspections, there is an opportunity to involve regular firemen during their “down-time” in conducting property inspections. This could enhance the Fire Department knowledge base about the local building stock and places where they would someday be called upon to fight a fire.

Possible Action Item: To explore these concepts further, we could request more data. Specifically, it would be helpful to see property violation tickets written by violation category and by month for the years 2013 and 2014. Add a second table for property inspection warning letter by violation category and by month for the years 2013 and 2014. That should give us a good picture of who is doing what and when it is being done.

Prepared by: Keene Winters
December 29, 2014

**SUMMARY OF WARNING LETTERS ISSUED BY THE
OFFICE OF INSPECTIONS FOR DISTRICT 6
APRIL 2012 TO DECEMBER 2014**

	Number	Percent
Structural Issues		
Dilapidated Porch / Front Door / Stairs	5	2.3%
Repair Shed / Replace Tarp Shed	6	2.8%
Furnace Not Functioning	1	0.5%
Repair or Paint Garage	14	6.5%
Re-paint House	7	3.3%
Re-Paint Deck or Fence	4	1.9%
Repair Roof	3	1.4%
Operating a Business in R1 Zone	1	0.5%
Missing House Numbers	1	0.5%
Water Leaking Inside Building	<u>1</u>	<u>0.5%</u>
Subtotal	43	20.0%
Non-Structural Issues		
Improperly Parked Trailer	20	9.3%
Improperly Parked Vehicle	69	32.1%
Improperly Placed Trash Containers or Trash Items	36	16.7%
Improperly Parked Boat / Camper / RV	14	6.5%
Improperly Place Business Sign	5	2.3%
Shrubs Obstructing View for Traffic	1	0.5%
Furniture / Tires / Brush in the Yard	26	12.1%
Cabinets Stored Along Side of House	<u>1</u>	<u>0.5%</u>
Subtotal	<u>172</u>	<u>80.0%</u>
TOTAL ORDERS ISSUED	215	100.0%

ANIMAL CONTROL ENTERPRISE FUND

Background: In 2012, the Wausau City Council established an enterprise fund for animal control program. In fund accounting systems, an enterprise fund is used to provide services to on a user-fee basis. It matches the revenue or fees for an activity with the costs of providing the service.

Periodically, the Finance Committee should review the city's enterprise funds to make sure that user fees are indeed covering the true costs of the program. To that end, Finance Committee should ask for data and reports designed to show how the matching process is working.

Action Item: The Finance Committee could consider requesting the following data for 2013 and 2014 in a report at a future date:

- The number of dogs licensed in each year and the compliance rate out of an estimated dog population in Wausau of 11,000.
- The number of cats licensed in each year and the compliance rate out of an estimated cat population in Wausau of 12,000.
- License & fine revenue by category for dogs for each year.
- License & fine revenue by category for cats for each year (excluding county grant revenue)
- PetData costs for dogs for each year.
- PetData costs for cats for each year.
- Shelter costs for dogs (i.e., payments to Marathon County) for each year.
- Shelter costs for cats for each year.
- Held-for-cause costs for dogs for each year.
- Held-for-cause costs for cats for each year.

The report should be designed to show direct revenues and direct costs for cats and dogs over time. Direct revenues minus direct costs will show how much license revenue is left over to contribute to the cost of staff and supplies.

Prepared by: Keene Winters
December 29, 2014

Fund accounting

From Wikipedia, the free encyclopedia

Fund accounting is an accounting system emphasizing *accountability* rather than *profitability*, used by non-profit organizations and governments. In this system, a *fund* is a self-balancing set of accounts, segregated for specific purposes in accordance with laws and regulations or special restrictions and limitations.^[1]

The label, *fund accounting*, has also been applied to investment accounting, portfolio accounting or securities accounting – all synonyms describing the process of accounting for a portfolio of investments such as securities, commodities and/or real estate held in an investment fund such as a mutual fund or hedge fund.^{[2][3]}

Investment accounting, however, is a different system, unrelated to government and nonprofit fund accounting.



NC State Treasurer's office, 1890

Contents

- 1 Overview
- 2 State and local government funds
 - 2.1 Fixed assets and long-term debts
 - 2.2 Basis of accounting
 - 2.3 Financial reporting
- 3 Federal government funds
 - 3.1 Federal funds group
 - 3.2 Trust funds group
 - 3.3 Accounting basis and financial reporting
- 4 Nonprofit organizations
 - 4.1 Basis of accounting and financial reporting
- 5 Fund accounting fiscal cycle (fictitious example)
 - 5.1 Opening entries
 - 5.2 Recording revenues
 - 5.3 Payroll expenditures
 - 5.4 Other expenditures
 - 5.5 Closing entries
- 6 See also
- 7 References

- 8 External links

Overview

Nonprofit organizations and government agencies have special requirements to show, in financial statements and reports, how money is spent, rather than how much profit was earned. Unlike profit oriented businesses, which use a single set of self-balancing accounts (or general ledger), nonprofits can have more than one general ledger (or fund), depending on their financial reporting requirements.^[4] An accountant for such an entity must be able to produce reports detailing the expenditures and revenues for each of the organization's individual funds, and reports that summarize the organization's financial activities across all of its funds.^{[5][6]}

A school system, for example, receives a grant from the state to support a new special education initiative, another grant from the federal government for a school lunch program, and an annuity to award teachers working on research projects. At periodic intervals, the school system issues a report to the state about the special education program, a report to a federal agency about the school lunch program, and a report to another authority about the research program. Each of these programs has its own unique reporting requirements, so the school system needs a method to separately identify the related revenues and expenditures. This is done by establishing separate funds, each with its own chart of accounts.

State and local government funds

State and local governments use three broad categories of funds: *governmental* funds, *proprietary* funds and *fiduciary* funds.^{[1][6]}

Governmental funds include the following.^{[7][8]}

- *General* fund. This fund is used to account for general operations and activities not requiring the use of other funds.
- *Special revenue* (or *special*) funds are required to account for the use of revenue earmarked by law for a particular purpose. State and federal fuel tax revenues require special revenue funds, because federal and state laws restrict these taxes to transportation uses.
- *Capital projects* funds are used to account for the construction or acquisition of fixed assets,^[9] such as buildings, equipment and roads. Depending on its use, a fixed asset may instead be financed by a special revenue fund or a proprietary fund. A capital project fund exists only until completion of the project.^[10] Fixed assets acquired and long-term debts incurred by a capital project are assigned to the government's *General Fixed Assets* and *Long-Term Debts*.
- *Debt service* funds are used to account for money that will be used to pay the interest and principal of long-term debts. Bonds used by a government to finance major construction projects, to be paid by tax levies over a period of years, require a debt service fund to account for their repayment. The debts

of special assessment and proprietary funds are serviced within those funds, rather than by a separate debt service fund.^[11]

- *Special assessment* funds account for public infrastructure improvements financed by special levies against property holders. Sidewalk and alley repairs often rely on special assessments.

Proprietary funds include the following.^[7]

- *Internal service* funds are used for operations serving other funds or departments within a government on a cost-reimbursement basis. A printing shop, which takes orders for booklets and forms from other offices and is reimbursed for the cost of each order, would be a suitable application for an internal service fund.^[12]
- *Enterprise* funds are used for services provided to the public on a user charge basis, similar to the operation of a commercial enterprise.^[13] Water and sewage utilities are common examples of government enterprises.^[14]

Fiduciary funds are used to account for assets held in trust by the government for the benefit of individuals or other entities.^[15] The employee pension fund, created by the State of Maryland to provide retirement benefits for its employees, is an example of a fiduciary fund.^[13] Financial statements may further distinguish fiduciary funds as either *trust* or *agency* funds; a trust fund generally exists for a longer period of time than an agency fund.^[16]

Fixed assets and long-term debts

State and local governments have two other groups of self-balancing accounts which are not considered funds: *general fixed assets* and *general long-term debts*. These assets and liabilities belong to the government entity as a whole, rather than any specific fund.^[17] Although general fixed assets would be part of government-wide financial statements (reporting the entity as a whole), they are not reported in governmental fund statements.^[18] Fixed assets and long-term liabilities assigned to a specific enterprise fund are referred to as *fund fixed assets* and *fund long-term liabilities*.^[19]

Basis of accounting

The accrual basis of accounting used by most businesses requires revenue to be recognized when it is earned and expenses to be recognized when the related benefit is received. Revenues may actually be received during a later period, while expenses may be paid during an earlier or later period. (Cash basis accounting, used by some small businesses, recognizes revenue when received and expenses when paid.)

Governmental funds, which are not concerned about profitability, usually rely on a *modified accrual* basis. This involves recognizing revenue when it becomes both available and measurable, rather than when it is earned. *Expenditures*, a term preferred over *expenses* for modified accrual accounting, are recognized when the related liability is incurred.^{[20][21]}



Toni Rayala – City Clerk
Mary Goede – Deputy City Clerk

TEL: (715) 261-6620
FAX: (715) 261-6626

CITY CLERK – CUSTOMER SERVICES

January 6, 2015

To: Finance Committee
Mayor

Proposed Referendum Language Regarding Mayor-Council form of Government for the April 7, 2015 Spring Election

“Shall the City of Wausau retain the Mayor-Council form of government under Chapter 62 of the Wisconsin State Statutes, establish the position of city administrator, reduce the Mayor’s position to part-time, and transfer administrative and operational responsibilities from the Mayor to the city administrator?”

NOTE: Per Wisconsin State Statutes 8.37 - Language must be approved and to the City Clerk 70 days prior to the election which is January 27, 2015.

FINANCE COMMITTEE

Date and Time: Tuesday, August 5, 2014 @ 5:30 pm., Board Room

Members Present: Nagle, Winters, Kellbach, Oberbeck

Members Absent: Nutting

Others Present: Tipple, Groat, Giese, Mielke, media

Presentation of Fiscal Estimate of Referendum

Rayala shared the Government Accountability Board costing report for the last April 2014 election. The average cost of Spring Election would be approximately \$9500.00 per election. The cost of a referendum along with an already scheduled election would be approximately \$400-\$500. Rayala stated if we hold a referendum in November, the time deadline to have this on the ballot would have to be approved and to the county clerk by August 26, 2014.

Discussion and possible action on financing a 2015 Referendum on Changing the Form of City Government

Oberbeck supports a referendum and feels that November is too soon. Nagle wants to make sure that the public is informed. He also supports a referendum in April of 2015. The committee agreed that November 2014 would be too soon to inform the public. Also, they agreed that holding a separate standalone election would not fiscally responsible.

Tipple said that having an outside agency study how these various forms of government will work and determine if the same form of government can be effective in the future or not. This report would be informative to put together a game plan to engage the public.

Oberbeck said that the educational piece to inform the public about this process and any cost for any outside research study needs to be put into the budget.

Motion by Nagle, second by Oberbeck to hold an April 2015 referendum concerning the changing the form of city government in Wausau and direct staff to have an educational process that is acceptable to council. Motion passed 4-0.

OFFICIAL PROCEEDINGS OF THE WAUSAU COMMON COUNCIL
held on Wednesday, August 13, 2014, at 7:00 pm in the Council Chambers at City Hall.
Mayor Tipple presiding.

14-0814

08/13/2014

Resolution of the Finance Committee authorizing an April 2015 referendum concerning changing the form of city government in Wausau and direct staff to have an educational process that is acceptable to council.

Jacobson stated the wording on the Finance Committee agenda and the Council agenda regarding this resolution was not entirely consistent which concerned her with open meeting law compliance issues. She stated the resolution presented authorizes an April 2015 referendum however, that is not exactly what came out of committee. She recommended they suspend the rules for the purpose of considering this item and then move for immediate consideration of the resolution.

Suspend the Rules

08/13/2014 7:33:45 PM

Motion by Rasmussen, second by Mielke to suspend the rules.

Yes Votes: 11 No Votes: 0 Abstain: 0 Not Voting: 0 Result: PASS

<u>District</u>	<u>Aldersperson</u>	<u>Vote</u>
1	Nagle, William	YES
2	Wagner, Romey	YES
3	Nutting, David E.	YES
4	Neal, Tom	YES
5	Gisselman, Gary	YES
6	Winters, Keene	YES
7	Rasmussen, Lisa	YES
8	Kellbach, Karen	YES
9	Oberbeck, David	YES
10	Abitz, Sherry	YES
11	Mielke, Robert	YES

Mayor Tipple questioned if there was any objection to immediate consideration of the resolution, being none, there was unanimous consent to consider the resolution.

14-0814 Amendment

08/13/2014 8:09:44 PM

Motion by Wagner, second by Rasmussen to amend the resolution authorizing a referendum concerning changing the form of government, from the April 2015 election to the November 2014 election.

Oberbeck commented he voted in Finance to have it on the April 2015 election because he felt more time was needed for additional education for citizens to make a well informed decision and he did not feel that could happen by November 2014.

Mayor Tipple stated in his action steps to study the form of government with the guidance of an outside consultant, he intended the report or outcome be provided as input to the Council by November 1st. He stated if the amendment passed he would have to push that date up earlier so that the education process can take place. It is a very constricted timeframe, as the clerk would have to have the wording of the question by August 26th and submit it to the county by August 27th.

Rasmussen explained her reason for supporting November 2014 is because it is expected to be a high voter turnout election due to the Governor's race. In April 2015, the only thing on the ballot is the Supreme Court race and most likely low turnout. If only 10% of the voters turnout we will not have an accurate enough sample to determine true public opinion.

Neal stated this is a choice that is fraught with implications; it is not a simple choice and is a very complicated decision. There are legal issues, HR issues, the power of the City Council and how it affects staff. He believed there was an awful lot of learning that needs to take place and if we are going to put it to a binding referendum, then we have to do an incredible job of education for the voters and there was no way that he was confident that could be accomplished by November. He was not even sure if April was doable and would entertain an advisory instead of binding referendum, if anything.

Oberbeck did not believe it would be possible to have the wording for the question ready by August 26th.

To amend to November 2014

Yes Votes: 5

No Votes: 6

Abstain: 0

Not Voting: 0

Result: FAIL

<u>District</u>	<u>Aldersperson</u>	<u>Vote</u>
1	Nagle, William	YES
2	Wagner, Romey	NO
3	Nutting, David E.	NO
4	Neal, Tom	NO
5	Gisselman, Gary	NO
6	Winters, Keene	YES
7	Rasmussen, Lisa	YES
8	Kellbach, Karen	NO
9	Oberbeck, David	NO
10	Abitz, Sherry	YES
11	Mielke, Robert	YES

14-0814 Amendment

08/13/2014 8:10:45 PM

Motion by Neal, second by Nutting to amend the resolution of the Finance Committee authorizing an April 2015 referendum concerning changing the form of government to an ADVISORY referendum.

Yes Votes: 10

No Votes: 1

Abstain: 0

Not Voting: 0

Result: PASS

<u>District</u>	<u>Aldersperson</u>	<u>Vote</u>
1	Nagle, William	YES
2	Wagner, Romey	YES
3	Nutting, David E.	YES
4	Neal, Tom	YES
5	Gisselman, Gary	YES
6	Winters, Keene	NO
7	Rasmussen, Lisa	YES
8	Kellbach, Karen	YES
9	Oberbeck, David	YES
10	Abitz, Sherry	YES
11	Mielke, Robert	YES

14-0814

08/13/2014 8:12:11 PM

Motion by Neal, second by Oberbeck to adopt a Resolution of the Finance Committee authorizing an April 2015 referendum concerning changing the form of city government in Wausau and direct staff to have an educational process that is acceptable to council, as amended on council floor.

Yes Votes: 11

No Votes: 0

Abstain: 0

Not Voting: 0

Result: PASS

<u>District</u>	<u>Aldersperson</u>	<u>Vote</u>
1	Nagle, William	YES
2	Wagner, Romey	YES
3	Nutting, David E.	YES
4	Neal, Tom	YES
5	Gisselman, Gary	YES
6	Winters, Keene	YES
7	Rasmussen, Lisa	YES
8	Kellbach, Karen	YES
9	Oberbeck, David	YES
10	Abitz, Sherry	YES
11	Mielke, Robert	YES



CITY CLERK – CUSTOMER SERVICES

January 6, 2015

To: Finance Committee
Mayor

Proposed Referendum Language Regarding Amendment of 3.10 of the Code of Ordinances – Fees for Municipal Services to remove Stormwater collection and institute a separate fee for the April 7, 2015 Spring Election

“Shall the City of Wausau modify 3.10 of the code of Ordinances – Fees for Municipal Services, by instituting a separate fee for the creation of a Stormwater utility and the collection of Stormwater, while removing the cost of Stormwater collection from the tax levy?”

NOTES:

- Per Wisconsin State Statutes 8.37 - Language must be approved and to the City Clerk 70 days prior to the election which is January 27, 2015.
- Proposal to forward to Council the question of whether to keep or repeal Ordinance 3.10 that requires a referendum for the creation of new fees approved in Finance September 23, 2014, passed 5-0.
- Proposal to create a Stormwater utility by amending Ordinance 3.10 was approved in Finance October 14, 2014 Passed [3-1-1 (dissenting vote by Winters; abstention by Kellbach)]
- Adopting an ordinance Repealing Chapter 3.10 failed at Council October 14, 2014 (0-11)

FINANCE COMMITTEE

Date and Time: Tuesday, September 23, 2014 @ 5:00 pm., Board Room

Members Present: Winters, Kellbach, Nagle, Oberbeck, Nutting

Others Present: Tipple, Groat, Giese, Werth, Barnes, Hite, Hardel, Wagner, Rasmussen, Goede, Neal, Abitz, Goede, Mark Craig, Joe Mella, Kari Rasmussen, Kasey Taube, Dawn Follenberg, John Robinson, Brad Karger, Jim Rosenberg, Deb Ryan

Discussion and possible action regarding creating a stormwater utility - Wesolowski, Groat and Tipple

Groat indicated quite a bit of investigation regarding creating a stormwater utility had been done in 2005 and 2006 and Council actually approved the creation of a stormwater utility and we were working on getting some of the final pieces of information and system set up to implement it. During that implementation planning period the city received sufficient signatures on a direct legislation referendum petition that requested that the city require a city wide referendum anytime we were increasing fees or creating new fees. The Council considered that petition and determined they would create an ordinance that directs us to hold a referendum if we were creating new fees. She explained based on state statutes, that ordinance is only in effect for a two year period which has now expired. It was her understanding that as housekeeping item the Council could make a change of ordinance that eliminates that provision. Once that ordinance was eliminated we would have the right to create the utility and a fee structure for it, which would take about eight months. She noted the levy limit laws prevent us from not reducing the levy and creating a new fee, so we would have to reduce the levy by the amount of the new fee otherwise we would have to hold a referendum.

Oberbeck felt it would be valuable to separate it out from the levy as it would equalize the impact where people who have more pavement and create more issues end up paying more for the system. The advantages are you start looking at different types of surfaces or stormwater retention; promotes better design as far as environmental; and puts the cost where the burden is. Disadvantages might be how people perceive this as a tax, but it's actually a service that you are providing for stormwater control and there are not a lot of negatives to it.

Nagle questioned what percentage of area in the city is owned by tax exempt properties. He commented it is probably a large percentage and they are not paying for any of the stormwater, but most have large impervious surfaces. This is one way all can pay their fair share. Rasmussen pointed out there will be a lot of pushback from church congregations and non-profits. She felt it could be done without repealing the direct legislation ordinance because we are having a referendum in April and this question could be added to it.

Motion by Nagle, second by Oberbeck to forward to Council the question of whether to keep or repeal the ordinance that requires a referendum for the creation of new fees. Motion carried 5-0.

FINANCE COMMITTEE

Date and Time: Tuesday, October 14, 2014 @ 5:00 pm., Board Room

Members Present: Winters, Kellbach, Nagle, Oberbeck, Nutting

Others Present: Tipple, Groat, Giese, Werth, Duncanson, Jacobson, Hardel, Kujawa, Finke, M. Lawrence, Geier, S. Gehin, Wesolowski, Mohelnitzky, Hanson, Wagner, Rasmussen, Neal, Goede, Kari Rasmussen, Deb Ryan

Discussion and possible action regarding the impact of storm water utility fees to non-profit entities - Gehin and Groat

Sean Gehin stated in 2005 a storm water study was prepared and included an aerial photograph of the City of Wausau to determine pervious areas for residential, commercial, industrial, and tax exempt properties. It also determined an annual ERU rate or equivalent runoff unit, which is defined as the average impervious area of a single family home. The ERU rate was determined for non-residential property in 2005 and 2006. In 2006 there were approximately 1,371 tax exempt properties that included schools, churches, and institutional properties. Those tax exempt properties made up 9% of all properties in the city, however, the tax exempt properties represented 16% of all of the ERUs. The annual ERU rate of \$77 was determined to support the total program and future needs.

Winters questioned if there was a way to update the information since 2005. Groat explained there has not been a lot of growth in the community since that time and we didn't anticipate a huge change in the total cost; therefore, we did not feel there would be a lot of value to spend the time to update until we were closer to possibly going forward with it. She suggested looking at other communities for what they are charging.

Neal was concerned whether adding the stormwater utility question to the referendum which has the garbage & recycling question because it might muddy the issue. Oberbeck commented it is going to be an education process.

Gehin stated if they are going to move forward with a stormwater utility they will need to update the study that was done in 2005-2006 as well as the program needs and budget. There would also need to be another high resolution aerial of the city done.

Motion by Nagle, second by Oberbeck to approve going forward with the creation of a stormwater utility contingent upon the Council amending the portion of the Chapter 3.10 to remove stormwater utility or repeal of the ordinance. Motion carried 3-1, with one abstention. (*Winters was the dissenting vote. Kellbach abstained due to her employment with a church*)

Toni Rayala – City Clerk
Mary Goede – Deputy City Clerk



TEL: (715) 261-6620
FAX: (715) 261-6626

CITY CLERK – CUSTOMER SERVICES

January 6, 2015

To: Finance Committee
Mayor

Proposed Referendum Language Regarding Repeal of 3.10 of the Code of Ordinances – Fees for Municipal Services for the April 7, 2015 Spring Election

“Shall the City of Wausau repeal 3.10 of the code of Ordinances – Fees for Municipal Services, which requires citizen authorization by referendum before instituting a fee for any municipal service, including police protection, garbage pickup, fire protection, road repair, snowplowing, recycling, yard waste disposal, street sweeping, fall leaf collection, spring clean-up and storm water management?”

NOTES:

- Per Wisconsin State Statutes 8.37 - Language must be approved and to the City Clerk 70 days prior to the election which is January 27, 2015.
- Adopting an ordinance Repealing Chapter 3.10 failed at Council October 14, 2014 (0-11)

Chapter 3.10

FEES FOR MUNICIPAL SERVICES

Sections:

3.10.010 Referendum.

3.10.010 Referendum. The City of Wausau shall hold a city-wide referendum requesting citizen authorization to institute a fee for any municipal service. This includes, but is not limited to, the following services; police protection, garbage pickup, fire protection, road repair, snowplowing, recycling, yard waste disposal, street sweeping, fall leaf collection, spring clean-up, and storm water management among others. The only allowable exception is a fee that affects 10% or less of the city=s residents. (Ord. 61-5312 '1, 2006, File No. 06-1016.)

FINANCE COMMITTEE

Date and Time: Tuesday, October 14, 2014 @ 5:00 pm., Board Room

Members Present: Winters, Kellbach, Nagle, Oberbeck, Nutting

Others Present: Tipple, Groat, Giese, Werth, Duncanson, Jacobson, Hardel, Kujawa, Finke, M. Lawrence, Geier, S. Gehin, Wesolowski, Mohelnitzky, Hanson, Wagner, Rasmussen, Neal, Goede, Kari Rasmussen, Deb Ryan

Consider modification of Chapter 6.44 of Wausau Municipal Code to restrict refuse and recycling curbside collection to residential properties containing no more than three residential units and establish the special charge for 2015 - Jacobson and Groat

Groat stated she calculated the costs of the program based on the 2015 budget; obtained a list of all of the living units and calculated what we would need for a special charge, which is \$129.14. She indicated if they choose to go in this direction she would recommend a rate of \$130. She noted the Village of Weston is paying \$150, Town of Rib Mountain - \$155, Village of Kronenwetter - \$142, and the City of Schofield and Rothschild still have theirs in their property tax levy. She explained by doing this each homeowner is paying the same for that service. She noted an apartment building with three or more units would not be eligible for the program and would have to hire a dumpster service. Groat stated one of the benefits is there are a number of communities in the surrounding area that are using a special charge so it makes us more comparable to them. The special charge would be increased in the future based on any inflationary costs forwarded to us by our contractors. If we eventually went to a fully carted system, where people could choose the size of the cart, people would pay less for a smaller cart and more for a larger cart. Right now the large apartment buildings are paying for the service through their taxes but are not using it, as is every other business in the city. A disadvantage is that it could be burdensome to our low income households; it is not tax deductible for the homeowner.

Jacobson pointed out the imposition of this fee may be one that is currently prohibited by the Chapter 3.10 provision until it is repealed, which was on the Council agenda for tonight's consideration. Oberbeck questioned if it required a binding referendum or just advisory. Jacobson stated it would be a binding referendum. Winters indicated they could defer the item pending the outcome of the Council vote; they could put forth a motion contingent upon the passage of repeal; or motion to go forward with a binding referendum.

Motion by Oberbeck, second by Nutting to move forward with a binding referendum as to the question of whether to impose a special charge for refuse and recycling and the charge for both would be removed from the tax levy.

Neal commented there have been concerns from citizens expressed about repealing the ordinance which was very popular and he felt this was an important thing to weigh. He questioned if there were some time sensitive implications of waiting until an April referendum and gearing up for the service. Groat clarified there are two issues; one issue is the way garbage is going to be picked up and a separate issue of how we pay for the service. Chapter 3.10 applies to how we pay for it, so they would have to repeal that ordinance if they want a special charge. The service itself, whether it stays with the current method or if they go to a fully carted automated system, both can live in either one of the revenue sources of tax bill or special charge. The type of service has nothing to do with the charge.

Oberbeck commented what we are talking about repealing though, is an overall umbrella type ordinance and people are very concerned about that. Jacobson pointed out it lists a number of municipal services and refuse and recycling is included. Oberbeck questioned if they could amend the ordinance to exclude refuse and recycling rather than repeal the whole thing. Jacobson agreed that would be an option. Winters pointed out the motion on the floor is for a referendum in April and that squares with the ordinance. He stated they can still go ahead with the RFP work on the service, not knowing whether it is going to be paid for by general revenue or a special charge.

A vote was taken on the motion on the floor for the April referendum. Motion carried 5-0,0

OFFICIAL PROCEEDINGS OF THE WAUSAU COMMON COUNCIL
held on Tuesday, October 14, 2014, at 7:00 pm in the Council Chambers at City Hall.
Mayor Tipple presiding.

06-1016 Discussion Re: Ordinance of the Common Council repealing Chapter 3.10 Fees for Municipal Services.

Nagle stated the Finance Committee voted to place the issue of recycling and refuse fees on the April ballot for referendum. But because of the current storm water burden on the taxpaying residents and businesses in Wausau and the burden of the cost of future replacement and repair of ancient storm sewers, there was a feeling that the Council should have hearings and consider on its own the repeal of our requirement to have a referendum only on our storm water fees and ordinance creating a storm water utility.

Rasmussen stated she has received a lot of feedback from residents and the repeal of Chapter 3.10 is very unpopular. People believe this direct legislation was passed onto us with the feeling that they would have a say in how these things get assigned and assessed to them. She felt amending it to removed specific fees would set a precedent. Neal indicated he did not support the repeal and believed in holding binding referendums.

Call the Question

10/14/2014 8:16:32 PM

Motion by Winters, second by Abitz to call the question.

Yes Votes: 3 No Votes: 8 Abstain: 0 Not Voting: 0 Result: FAIL

<u>District</u>	<u>Aldersperson</u>	<u>Vote</u>
1	Nagle, William	NO
2	Wagner, Romey	YES
3	Nutting, David E.	NO
4	Neal, Tom	NO
5	Gisselman, Gary	NO
6	Winters, Keene	YES
7	Rasmussen, Lisa	NO
8	Kellbach, Karen	YES
9	Oberbeck, David	NO
10	Abitz, Sherry	NO
11	Mielke, Robert	NO

Wagner commented some people think the surrounding communities must be a better place to live because the taxes are lower, but it is not really a true statement if the City of Wausau has the ground water and the garbage & recycling on our tax bill and the other municipalities don't. He stated we struggle with whether all things should go to a referendum, although he believes referendums are important and that is why they voted to send garbage & recycling to referendum. Whether or not an informed decision can be made as to who is responsible for thousands of square feet of paved property and if residents should be shouldering the burden for that in a tax bill is the question. He was not sure we could educate everyone in the proper way on the storm water side of this. He stated he would support the amendment to remove the storm water from the ordinance, but also supported the ordinance remaining in force for the other fees. He pointed out state law prevents us from raising fees higher than what we reduce the tax levy.

Gisselman did not feel the amendment was appropriate for tonight and he was not prepared to debate it; he stated it deserves a larger discussion at another meeting.

Ric Mohelnitzky, DPW Superintendent, stated a lot of our storm sewer is very aged and we had a past incident where we had a large cave in over by the Social Services building. The pipe that failed there was installed in 1890 in a tunnel of brick 50 feet deep. Recently with the new storm water criteria we need to manage our storm water utility by cleaning catch basins, manholes, storms and street sweeping. These costs are going to get higher.

06-1016 Amendment

10/14/2014 8:31:35 PM

Motion by Nagle, second by Nutting to repeal that part of Chapter 3.10 that applies to a storm water management fee and/or the creation and operation of a storm water utility.

Yes Votes: 3 No Votes: 8 Abstain: 0 Not Voting: 0 Result: FAIL

<u>District</u>	<u>Aldersperson</u>	<u>Vote</u>
1	Nagle, William	YES
2	Wagner, Romey	YES
3	Nutting, David E.	YES
4	Neal, Tom	NO
5	Gisselman, Gary	NO
6	Winters, Keene	NO
7	Rasmussen, Lisa	NO
8	Kellbach, Karen	NO
9	Oberbeck, David	NO
10	Abitz, Sherry	NO
11	Mielke, Robert	NO

06-1016

10/14/2014 8:32:22 PM

Motion by Neal, second by Nagle to adopt an Ordinance of the Common Council repealing Chapter 3.10 Fees for Municipal Services.

Yes Votes: 0 No Votes: 11 Abstain: 0 Not Voting: 0 **Result: FAIL**

<u>District</u>	<u>Aldersperson</u>	<u>Vote</u>
1	Nagle, William	NO
2	Wagner, Romey	NO
3	Nutting, David E.	NO
4	Neal, Tom	NO
5	Gisselman, Gary	NO
6	Winters, Keene	NO
7	Rasmussen, Lisa	NO
8	Kellbach, Karen	NO
9	Oberbeck, David	NO
10	Abitz, Sherry	NO
11	Mielke, Robert	NO



CITY CLERK – CUSTOMER SERVICES

January 6, 2015

To: Finance Committee
Mayor

Proposed Referendum Language Regarding Amendment of 3.10 of the Code of Ordinances – Fees for Municipal Services to remove Garbage Pickup and Recycling, while removing the cost for this service from the tax levy for the April 7, 2015 Spring Election

“Shall the City of Wausau modify 3.10 of the code of Ordinances – Fees for Municipal Services, by removing Garbage Pickup and Recycling and instituting a separate fee for Garbage Pickup and Recycling, while removing the cost for this service from the tax levy?”

NOTES:

- Per Wisconsin State Statutes 8.37 - Language must be approved and to the City Clerk 70 days prior to the election which is January 27, 2015.
- Proposal of this referendum was approved in Finance October 14, 2014 (5-0)
- Adopting an ordinance Repealing Chapter 3.10 failed at Council October 14, 2014 (0-11)

FINANCE COMMITTEE

Date and Time: Tuesday, October 14, 2014 @ 5:00 pm., Board Room

Members Present: Winters, Kellbach, Nagle, Oberbeck, Nutting

Others Present: Tipple, Groat, Giese, Werth, Duncanson, Jacobson, Hardel, Kujawa, Finke, M. Lawrence, Geier, S. Gehin, Wesolowski, Mohelnitzky, Hanson, Wagner, Rasmussen, Neal, Goede, Kari Rasmussen, Deb Ryan

Consider modification of Chapter 6.44 of Wausau Municipal Code to restrict refuse and recycling curbside collection to residential properties containing no more than three residential units and establish the special charge for 2015 - Jacobson and Groat

Groat stated she calculated the costs of the program based on the 2015 budget; obtained a list of all of the living units and calculated what we would need for a special charge, which is \$129.14. She indicated if they choose to go in this direction she would recommend a rate of \$130. She noted the Village of Weston is paying \$150, Town of Rib Mountain - \$155, Village of Kronenwetter - \$142, and the City of Schofield and Rothschild still have theirs in their property tax levy. She explained by doing this each homeowner is paying the same for that service. She noted an apartment building with three or more units would not be eligible for the program and would have to hire a dumpster service. Groat stated one of the benefits is there are a number of communities in the surrounding area that are using a special charge so it makes us more comparable to them. The special charge would be increased in the future based on any inflationary costs forwarded to us by our contractors. If we eventually went to a fully carted system, where people could choose the size of the cart, people would pay less for a smaller cart and more for a larger cart. Right now the large apartment buildings are paying for the service through their taxes but are not using it, as is every other business in the city. A disadvantage is that it could be burdensome to our low income households; it is not tax deductible for the homeowner.

Jacobson pointed out the imposition of this fee may be one that is currently prohibited by the Chapter 3.10 provision until it is repealed, which was on the Council agenda for tonight's consideration. Oberbeck questioned if it required a binding referendum or just advisory. Jacobson stated it would be a binding referendum. Winters indicated they could defer the item pending the outcome of the Council vote; they could put forth a motion contingent upon the passage of repeal; or motion to go forward with a binding referendum.

Motion by Oberbeck, second by Nutting to move forward with a binding referendum as to the question of whether to impose a special charge for refuse and recycling and the charge for both would be removed from the tax levy.

Neal commented there have been concerns from citizens expressed about repealing the ordinance which was very popular and he felt this was an important thing to weigh. He questioned if there were some time sensitive implications of waiting until an April referendum and gearing up for the service. Groat clarified there are two issues; one issue is the way garbage is going to be picked up and a separate issue of how we pay for the service. Chapter 3.10 applies to how we pay for it, so they would have to repeal that ordinance if they want a special charge. The service itself, whether it stays with the current method or if they go to a fully carted automated system, both can live in either one of the revenue sources of tax bill or special charge. The type of service has nothing to do with the charge.

Oberbeck commented what we are talking about repealing though, is an overall umbrella type ordinance and people are very concerned about that. Jacobson pointed out it lists a number of municipal services and refuse and recycling is included. Oberbeck questioned if they could amend the ordinance to exclude refuse and recycling rather than repeal the whole thing. Jacobson agreed that would be an option. Winters pointed out the motion on the floor is for a referendum in April and that squares with the ordinance. He stated they can still go ahead with the RFP work on the service, not knowing whether it is going to be paid for by general revenue or a special charge.

A vote was taken on the motion on the floor for the April referendum. Motion carried 5-0.

OFFICIAL PROCEEDINGS OF THE WAUSAU COMMON COUNCIL
held on Tuesday, October 14, 2014, at 7:00 pm in the Council Chambers at City Hall.
Mayor Tipple presiding.

06-1016 Discussion Re: Ordinance of the Common Council repealing Chapter 3.10 Fees for Municipal Services.

Nagle stated the Finance Committee voted to place the issue of recycling and refuse fees on the April ballot for referendum. But because of the current storm water burden on the taxpaying residents and businesses in Wausau and the burden of the cost of future replacement and repair of ancient storm sewers, there was a feeling that the Council should have hearings and consider on its own the repeal of our requirement to have a referendum only on our storm water fees and ordinance creating a storm water utility.

Rasmussen stated she has received a lot of feedback from residents and the repeal of Chapter 3.10 is very unpopular. People believe this direct legislation was passed onto us with the feeling that they would have a say in how these things get assigned and assessed to them. She felt amending it to removed specific fees would set a precedent. Neal indicated he did not support the repeal and believed in holding binding referendums.

Call the Question

10/14/2014 8:16:32 PM

Motion by Winters, second by Abitz to call the question.

Yes Votes: 3	No Votes: 8	Abstain: 0	Not Voting: 0	Result: FAIL
	<u>District</u>	<u>Aldersperson</u>	<u>Vote</u>	
	1	Nagle, William	NO	
	2	Wagner, Romey	YES	
	3	Nutting, David E.	NO	
	4	Neal, Tom	NO	
	5	Gisselman, Gary	NO	
	6	Winters, Keene	YES	
	7	Rasmussen, Lisa	NO	
	8	Kellbach, Karen	YES	
	9	Oberbeck, David	NO	
	10	Abitz, Sherry	NO	
	11	Mielke, Robert	NO	

Wagner commented some people think the surrounding communities must be a better place to live because the taxes are lower, but it is not really a true statement if the City of Wausau has the ground water and the garbage & recycling on our tax bill and the other municipalities don't. He stated we struggle with whether all things should go to a referendum, although he believes referendums are important and that is why they voted to send garbage & recycling to referendum. Whether or not an informed decision can be made as to who is responsible for thousands of square feet of paved property and if residents should be shouldering the burden for that in a tax bill is the question. He was not sure we could educate everyone in the proper way on the storm water side of this. He stated he would support the amendment to remove the storm water from the ordinance, but also supported the ordinance remaining in force for the other fees. He pointed out state law prevents us from raising fees higher than what we reduce the tax levy.

Gisselman did not feel the amendment was appropriate for tonight and he was not prepared to debate it; he stated it deserves a larger discussion at another meeting.

Ric Mohelnitzky, DPW Superintendent, stated a lot of our storm sewer is very aged and we had a past incident where we had a large cave in over by the Social Services building. The pipe that failed there was installed in 1890 in a tunnel of brick 50 feet deep. Recently with the new storm water criteria we need to manage our storm water utility by cleaning catch basins, manholes, storms and street sweeping. These costs are going to get higher.

06-1016 Amendment

10/14/2014 8:31:35 PM

Motion by Nagle, second by Nutting to repeal that part of Chapter 3.10 that applies to a storm water management fee and/or the creation and operation of a storm water utility.

Yes Votes: 3 No Votes: 8 Abstain: 0 Not Voting: 0 Result: FAIL

<u>District</u>	<u>Aldersperson</u>	<u>Vote</u>
1	Nagle, William	YES
2	Wagner, Romey	YES
3	Nutting, David E.	YES
4	Neal, Tom	NO
5	Gisselman, Gary	NO
6	Winters, Keene	NO
7	Rasmussen, Lisa	NO
8	Kellbach, Karen	NO
9	Oberbeck, David	NO
10	Abitz, Sherry	NO
11	Mielke, Robert	NO

06-1016

10/14/2014 8:32:22 PM

Motion by Neal, second by Nagle to adopt an Ordinance of the Common Council repealing Chapter 3.10 Fees for Municipal Services.

Yes Votes: 0 No Votes: 11 Abstain: 0 Not Voting: 0 Result: FAIL

<u>District</u>	<u>Aldersperson</u>	<u>Vote</u>
1	Nagle, William	NO
2	Wagner, Romey	NO
3	Nutting, David E.	NO
4	Neal, Tom	NO
5	Gisselman, Gary	NO
6	Winters, Keene	NO
7	Rasmussen, Lisa	NO
8	Kellbach, Karen	NO
9	Oberbeck, David	NO
10	Abitz, Sherry	NO
11	Mielke, Robert	NO