

MINUTES

1. CONVENE CITY COUNCIL WORK SESSION MEETING

Mayor Labadie called the meeting to order at 6:03 P.M.

A. Roll Call

Present. Mayor Labadie; Councilmembers Johnson (arrived at 6:32 p.m.), Gorham, and Callies; City Attorney Shepherd; Interim City Administrator Shukle ; City Clerk/HR Director Thone; Finance Director Rigdon; Planning Director Darling; Director of Public Works Brown; and, City Engineer Budde

Absent: Councilmember Siakel

B. Review Agenda

Callies moved, Gorham seconded, approving the agenda as presented. Motion passed 3/0.

2. 2023 PROPOSED BUDGET

Finance Director Rigdon gave an overview of the proposed 2023 budget and property tax levy. He noted that budget worksheets had been distributed to the department heads and staff is working to put together the budget and property tax levy. He noted that they were not yet ready to discuss the Capital Improvement Plan and tonight's discussion would be strictly around operations, in particular, the General Fund. He reiterated that the budget that staff is proposing is just preliminary but shows a 6.1% increase in expenditures. He reviewed the personnel-related assumptions; notable General Fund budget items; expenditures and transfers out; revenues and transfers in; and the proposed property tax levy which is of 8.9% higher than in 2022. He reminded the Council that the tax levy can still change until it is approved and certified to the County. He reviewed the increase in taxable market value and noted that it jumped about 26% from 2022. He gave a brief explanation of the tax capacity rate which shows a 28% increase from 2022 to 2023 valuations. He stated that because there is an increase in valuation, the City's local tax capacity rate has dipped significantly by almost 16%, which he has never seen before.

Councilmember Gorham asked if Finance Director Rigdon had seen any home valuations remain flat.

Finance Director Rigdon noted that he had not and most appeared to have increased in value somewhere around 15-20%, but has also seen some increase over 25%. He reviewed the tables that showed examples of a valuation situation with no change; increase of 15%; increase of 20%; or increase of 25% in property values. He stated that if the Council wanted to bring forward other initiatives for 2023, the tax levy would need to be increased which would mean a larger tax impact. He reviewed the General Fund balance reserves which has been a key factor in the City's bond rating position. He shared various examples that he had suggested for use of the General Fund surplus. He reviewed the American Rescue Plan Act (ARPA) funds and noted that the City had

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used these funds for the Covington Road watermain improvements, and the water meter repair and replacement project. He reminded the Council that this was a preliminary look at the proposed budget and once the property tax levy is certified it cannot be increased, but can be decreased.

Councilmember Callies stated that the City is now levying directly to the funds rather than transferring out, and asked how this would affect the homeowner. She asked if their statements would outline specific amounts that went towards sewer or roads.

Finance Director Rigdon stated that on their statement, they will be combined and the only two categories they will see on their tax bill would be for the general levy and a debt levy. He explained that levying directly to the funds is more of an internal action by the City.

Mayor Labadie noted that the recent bid the City got back for tree trimming was exorbitant to the point where they could bring on additional staff and still be under the proposed bid. She asked if the Council would want to entertain the idea of "beefing up" Public Works with equipment or manpower, and if so, when the best time to do that would be.

Finance Director Rigdon stated that the answer would really be related to level of service and the quantity of service that the City wants to provide.

Councilmember Callies stated that she thinks Mayor Labadie's idea is good, but if a staff person is added, she was not sure they would actually be able to go out and do all the tree trimming, or example, because that seems to be more specialized and may have to be done by an outside entity.

Public Works Director Brown explained that there would need to be a minimum of two people, if they were focusing just on tree trimming. He stated that he has had a conversation with Interim City Administrator Shukle about this issue and they have proposed in the budget the addition of one employee that was focused on parks. He stated that the bid that Mayor Labadie referenced came in for around \$400,000, which equates to around four employees. He stated that if the City started up a true forestry effort, that could not just be done by just one person.

Mayor Labadie asked if that was something that could be a long term role with the City had just fallen a bit behind in the tree trimming.

Public Works Director Brown stated that the tree canopy has gotten to the point where they can start trimming and by the time they are through, it is almost time to start the process all over again.

Mayor Labadie asked if other cities of similar size have personnel serving in this kind of role.

Public Works Director Brown stated that he thinks that the larger suburbs have true forestry divisions, but would have to take a closer look at cities that were similar in size to Shorewood.

Interim City Administrator Shukle stated that the City has not hired a new Public Works employee in many years.

Public Works Director Brown explained that when he started at the City there were eight full-time employees plus a working foreman. He noted that at that time the City contracted out their

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sanitary sewer and storm sewer to a private entity. He stated that they now have added streets and various roles and also handle sanitary sewer and water duties and responsibilities.

Interim City Administrator Shukle asked how long ago the City hired new employees. Public Works Director Brown stated that it would probably be about twenty or so years ago.

Interim City Administrator Shukle explained that they were proposing a new employee for 2023 which, to him, is not out of the ordinary. He stated that the Council could certainly look at adding more, but would caution them to be careful with how this is done.

Mayor Labadie stated that the one additional employee proposed is the bare minimum and reiterated her question of whether or not now is the appropriate time to discuss this or if it should be done as discussion for a future budget year. She noted that she thinks the entire Council was "blown away" by the bid that came in for the tree trimming.

Councilmember Callies agreed but noted that it is kind of an unusual time and she was unsure if the tree trimming expense would come in as high next year.

Councilmember Gorham stated that he thinks it was just bad timing with the tree trimmers' busiest time of the year. He stated that he did not think the City should overreact too much to the tree trimming quotation. He explained that he thinks it is a great idea, but would be taking on a long term commitment. He stated that that he loves the idea of paying down the City's debt. He noted that he is a bit worried about escalation in the construction industry right now and there are bunch of big projects going out which makes him nervous because next year there may be some shocking numbers in the materials world. He explained that was why he is nervous about making a ten or twenty year commitment when the City does not know what they will see next year.

Councilmember Callies stated that there is one new Light Equipment Operator included in the 2023 budget. She explained that she trusted that Public Works Director Brown has looked at where they position needs to focus and that she did not think the Council should focus solely on the tree trimming.

Mayor Labadie explained that she was using the tree trimming situation as more of an example because she thinks the Public Works Department is overworked right now. She suggested that the Council consider this topic as food for thought for future budget years.

Councilmember Callies asked if the ARPA funds could be used for tree trimming.

Finance Director Rigdon stated that they could not be used for recurring operational items like tree trimming.

Councilmember Callies suggested that perhaps there would be some sort of emergency or urgent category where those funds could be used even though they could not be used for all the trees in the City as general maintenance.

Councilmember Gorham noted that there is no urgency to earmark the ARPA funds until 2024.

Councilmember Callies noted that in terms of the reserves, the suggestion that appealed the most to her was exercising the call on the EDA bonds and paying down the debt.

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Councilmember Johnson arrived at the meeting.

Mayor Labadie asked if Finance Director Rigdon had received a lot of calls from residents about their property tax statements and valuations.

Finance Director Rigdon stated that the City's front office got a lot of calls that they, in turn, referred to the County.

Councilmember Gorham asked about the assumptions he had included for things such as the pest management plan and asked if that was included on a future agenda for discussion.

Finance Director Rigdon stated that the Council can discuss it right now if they like.

Public Works Director Brown stated that the initial budget submittal was put together with the assumption that there would be \$45,000 extra that was needed for the practice of the pest management plan and use different compounds versus the chemicals the City had been using. He stated that he had heard that the compounds were significantly more expensive so he put together essentially an 'uneducated' estimate based on what he knew at the time. He stated that the specialist who has prepared the plan has priced it out for the compounds being \$100,000/year and does not include the contractual costs for the licensed applicator. He stated that in addition to that, there is also another \$45,000 worth of additional equipment needed for field maintenance.

Councilmember Callies stated that there is also the cost of the consultant in addition to the product and equipment expenses.

Planning Director Darling explained that the cost for the consultant depends on what level of service the City requests. She stated that the cost for the products would vary between \$45,000 and \$80,000 depending on how much of the parks they want to use these products on.

Councilmember Callies stated that she feels this is a difficult thing to budget for because the Council has not yet made a decision about the plan. She stated that she thinks it brings into question the larger issue of the City's policy and stated that she would like to revisit it and suggested that it may be a good topic for discussion at the Council retreat.

Public Works Director Brown noted that there is nothing that says the City needs to start out in full force right in year one for the pest management plan and could be something that the City grows into. He stated that there is the concern that the turf is not being managed properly because they have suspended all applications of chemicals, so it will take longer to address the weed growth that is out there.

Councilmember Gorham asked if Finance Director Rigdon needed direction from the Council on the use of General Fund reserves.

Finance Director Rigdon stated that it would be advisable if the Council could start thinking about that issue.

Councilmember Gorham stated that both he and Councilmember Callies supported paying down the debt and asked what the others thought.

Councilmember Johnson stated that because interest rates are going up, he would concur with that suggestion.

Mayor Labadie stated that she could not speak for Councilmember Siakel, but she would also support this approach to the reserves.

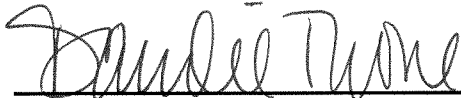
Finance Director Rigdon stated that he will plan to bring this back to the Council for action at their September 12, 2022 Council meeting.

Councilmember Callies noted that it was clear how much work had been put into this proposed budget and expressed her appreciation for it being so clear because it helps the Council make decisions.

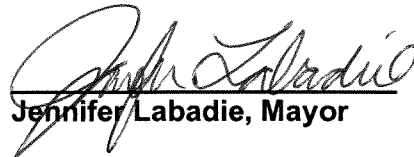
3. ADJOURN

Gorham moved, Callies seconded, Adjourning the City Council Work Session Meeting of August 22, 2022, at 6:44 P.M. All in favor, motion passed 4/0.

ATTEST:



Sandie Thone, City Clerk



Jennifer Labadie, Mayor