



## CITY OF WAUWATOSA

MEMORIAL CIVIC CENTER  
7725 WEST NORTH AVENUE  
Telephone: (414) 479-8917  
Fax: (414) 479-8989

### COMMITTEE OF THE WHOLE

Wednesday, September 5, 2007

Council Chambers

**PRESENT:** Aids. Becker, Birschel, Didier, Donegan, Ewerdt, Grimm, Hanson, Herzog, Krill, Krol, Maher, Meaux, Minear, Purins, Stepaniak, Treis - 16

**ALSO PRESENT:** T. Estness, Mayor; J. Archambo, City Admin.; A. Kesner, City Atty.; S. Miner, City Assessor

Ald. Becker as Chair called the meeting to order 6:14 p.m.

#### **Overview of the budget document and format**

Mr. Archambo noted that the budget is an evolving process as the city moves toward a program budget. He gave a power point presentation outlining the following:

Budget Document goals -

- Aid in understanding city services providing the level of service and the cost of services
- Progressing to a program budget
- Reducing the equalized tax rate
- Maintaining fund balances
- Constraining the levy increase to the rate of inflation
- Providing an individual tax cut if possible
- Incorporating historical perspectives.

Significant format changes -

- Information systems internal service fund,
- Building and Grounds internal service
- Building inspection – there was discussion last year as to whether building inspection should be funded by the actual user. There are costs associated, but if they are not identified with the revenues it is difficult to get an idea of the true costs.
- Health insurance is allocated based on the number of full-time employees. Previously, it was divided by payroll and each department was allotted a percentage of the payroll. For example, the library has very few full time employees that are eligible for health insurance. By changing the allocation, they can more effectively cost out services.
- Worker's compensation is risk based. Every position has a different risk of worker's compensation and liability. They looked at job functions according to the corresponding risk. A low risk department should cost less than a high risk department.
- Line items are condensed
- Revenues are considered and matched to the source. They have to know what the true cost is and that should be compared with the associated revenues.
- There is an expanded and improved narrative built on previous documents.

Modifications/considerations moving forward -

- Further breakdown of program structure to service function
- Consideration of additional internal service funds
- Defined and refined performance measures.
- Added notes.

Mr. Archambo noted that out of the whole of the property tax bill just under a 1/3 of the property tax for a median priced home of \$243,500 goes to the city. For 2008 that is less than half of what the city needs to obtain expenditure restraint. With the state budget undecided +2.4% is well below the cap. Evaluating the fund surplus at +11.74% is between 5% and 15% of overall expenditures. At the end of 2008 the fund surplus will be 2% or 3% higher and it will remain at the higher end of what the general fund balance should be.

Mr. Archambo stressed that the tax roll is not complete, but in order to put the budget together it is necessary to estimate the tax roll. The estimate was created about a month ago. The budget process is a means to setting the levy and creating the tax roll is how the levy is divided. He added that they can't make any other assumptions because the Board of Review has not completed its work. Ald. Didier asked if any of the tax exempt properties are included in the tax roll. Mr. Archambo responded that the tax exempt properties in question have no bearing on the tax roll right now.

Mr. Archambo anticipated an approximate .50% increase in assessed value on an average property. Residential property tax will decrease by .50%. Assuming the value stays the same there will be a decrease. Ald. Purins noted that residents care more about their tax bill and the tax levy than the tax rate. There seems to be an inability to document or compare the cost of city government on anything but the tax rate. As assessed valuation slides the tax rate is changed accordingly. He asked if there was a more practical indicator of the cost of city services and more meaningful numbers. Mr. Archambo responded that the numbers have to do with equalized value and going through the valuation process. Ald. Krill pointed out that the mil rate was designed as a way of measuring from year to year because it is difficult to compare houses and neighborhoods with values that fluctuate. The most that can be said is that the average homeowner's tax bill will increase or decrease by so much.

Mr. Miner explained that when the city does a reassessment almost every property's assessed value changes. During years where there is no reassessment the assessed value stays the same. The market value of the house may increase, but not the assessed value. Mr. Archambo added that there is a translation between equalized value and assessed value.

Mr. Archambo noted that for the city property tax rate revaluation in 2003 and 2006 the city was below average and about 7 cents above the median. With regard to general fund revenue sources, the tax levy is approximately 2/3 of the revenue the city gets. Wauwatosa gets far less state aid than other cities because of high property values.

With regard to general fund expenditures, Mr. Archambo went on to note that the police and fire departments are the two largest pieces of the chart or about 54% of the budget. The City Clerk's office will be adding 48 poll workers and 98 registrars due to four elections, including one presidential primary and general election next year. The gross expenditure on health care was reduced by \$1.1 million including \$175,000 in wellness initiatives. The police department is proposing to add 2 police officers. The parks department is proposing to add a custodian effective July 1 and an intern and seasonal positions are proposed for the Forestry department to assist in the maintenance of the city's properties. He continued that the TIF districts are all anticipated to close earlier than mandated. There is progress with the comprehensive plan and they are nearing completion of the Hart Park "Platform" project. There is \$125,000 budgeted for contracted litigation support of potential exemption cases. They have reviewed the consolidated fee schedule which contained some fees that have not

been adjusted for about 10 years. Fire Station #1 is included, pending a Common Council decision on the design, location and a possible referendum. They have created a user fee for weights and measures so they are now able to pass along the cost of inspecting grocery stores and gas stations. There is a sanitary sewer local charge of 24% or a \$6 per quarter increase due to the debt service as well as complying with a court order and Milwaukee Metropolitan Sewerage District (MMSD) mandates.

With regard to the Property Tax Exemption Review project, Mr. Archambo noted that approximately 36% of all acreage in the city is tax exempt. Recent case law has clarified exemption issues. Since then the city has begun updating the property records on an ongoing basis. The city's records are current and complete and all of the 509 exemption properties qualify for an exemption. State Statutes and case law guide the City Assessor in determining if a given property qualifies for a property tax exemption. The property tax levy is created based on expenditures less an internal and external revenue source. The amount of the levy is not affected by whether a property is exempt or not. He added that the reality is that when one property is exempt from paying taxes the burden is passed on to the other taxpayers. He stressed that it is important that decisions regarding property values be devoid of any political connotation.

Mr. Archambo explained that it is tough to compare one budget year to another because in many cases between departments it is not an apples to apples comparison.

### **Public Comments regarding the proposed budget**

Vicky Ostry, 1409 N. 64<sup>th</sup> Street, told the committee she was pleased to see a reduction in health benefit costs, but she felt strongly that the city's health benefits should be comparable to what the private sector is getting. She was also in support of the proposals that Ald. Herzog sent to the City Administrator including downsizing the number of districts and aldermen and combining services such as combining the Health Department with other departments.

Ald. Becker noted that the Council can only follow the state laws with regard to collective bargaining. He stressed that it would be better to object to the state with regard to the collective bargaining laws. The Council is limited as to what they can bargain and how. Ms. Ostry said she understood labor's side, but she would like to see city benefits that were the same as private sector benefits.

Ald. Krill said that as a member of the Employee Relations Committee they have dealt in great detail with the health benefit costs. He noted that it is probably impossible according to state law to make health benefits the same as the private sector. He added that if health benefits are reduced, workers have to be compensated for their loss in wages. He agreed that it would be very helpful to change the state laws.

Ald. Purins described his review of one of the industry surveys linked on Jean Radtke's, Tosa Taxpayers United website, the respondents were not public sector or union respondents. They were a very specific subset of the workforce that answered the survey. He stressed that there has to be an apples to apples comparison and the survey didn't provide that. The surveys he looked at did not include governments, states, bargaining units or unions.

Ald. Donegan expressed disappointment that the Council did not have an opportunity to negotiate for wages and benefits. He wanted to take this opportunity to present his posture to city administration that he considered it very unfair to the city's taxpayers that employees get a pay raise which he was under the impression was 4% and step increases. He also felt that city employees have the most generous health insurance plan in the area including in his view comparatively low deductions and co-pays and no premiums. Regardless of what constraints come from the legislature, he considered it extremely unfair to provide what he considered a high level of compensation to the city's employees.

Ald. Becker suggested that the Employee Relations Committee bring the Council together in closed session. He would like to do this before going into negotiations so everyone can get their viewpoint out.

Ald. Purins stressed that the Council has a committee structure that works. The Employee Relations Committee has been dealing with a number of issues for many months. Aldermen have been invited to give their input during those meetings. If the current system isn't working, there needs to be another solution so that there doesn't have to be a Committee of the Whole meeting called for every controversial issue.

Ald. Donegan suggested holding a public hearing on city employee wages and health benefits because he believed the public takes a great interest in this subject. Ald. Krill said these issues cannot be discussed in public all the time because there is a danger that negotiating strategy will be revealed and that could be damaging to the collective bargaining process.

The meeting adjourned at 7:30 p.m.

Carla A. Ledesma, City Clerk  
City of Wauwatosa

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