

BUDGET & FINANCE COMMITTEE MEETING

Tuesday, January 9, 2007

Committee Room #2

PRESENT: Alds. Becker, Ewerdt, Grimm, Krol, Hanson, Maher, Purins, Stepaniak – 8

ALSO PRESENT: J. Archambo, City Admin.; R. Braier, Finance Dir.; W. Kappel, Pub. Works Dir.;
W. Wehrley, City Eng.; K. Walbrant, Parks & Forestry Supt.

Ald. Stepaniak as Chair called the meeting to order at 8:05 p.m.

Funding of street tree planting

Mr. Kappel said that during the budget discussion it had been suggested that the city should charge individual homeowners for replacing trees in front of their home. The position was stated that the city should not replace trees that the city takes down, but the replacement cost should be handled by the homeowner. He warned that this policy could leave sections of the city treeless because residents may refuse to pay for the tree replacement. He suggested the option that any resident who chooses to plant a tree that is larger than 2 inches in diameter would have to pay the difference in cost and installation. Planting 4-inch trees is a much more difficult operation involving two people for installation. He said the committee could retain the current policy or charge the property owner for the 4 inch tree, but the city would still pay for the 2-inch tree or the city could have the homeowner pay the entire cost for replacing the tree regardless of the size.

Ald. Stepaniak asked about the price of the different size trees since at least the 2-inch tree would be part of the tax levy. Mr. Walbrant said that 2-inch trees on average cost about \$100, 4-inch trees could cost up to \$300. The question is whether or not his department can get them wholesale. His department can plant approximately 25, 2-inch trees in one day and approximately 12, 4-inch trees. With a 4-inch tree the cost to the homeowner would potentially be about \$400 to \$500. If the tree is planted by the nursery there is a one year guarantee. If the city gets the trees wholesale there is no guarantee. Mr. Kappel recommended that they purchase the standard 2-inch trees out of the operating budget.

Richard Bachman, 2229 N. 115th Street, Parks & Forestry Commission, said that many years ago as an alderman he tried to sell the idea to residents that they would get a free tree from the city during street construction. Recently one of his neighbors had some big trees taken down and they refuse to pay for the replacement trees so there are very few trees on their property. He thought the recommendation that the city replace the 2-inch trees and charge the difference for replacing the 4-inch trees was the best policy. He said that trees are important to the city and make the city look good.

Ald. Maher said that this was an idea he had during the budget discussions. He said they are really talking about a particular policy within a broader context. In the citizen survey residents strongly supported paying fees over property taxes. The reality is that either way, the burden is still being put on the taxpayer. He suggested simply assessing the property owner for replacement on the tax bill. He considered this to be the same thing as repairing cracks in sidewalks. Both increase the property values and the greatest benefit is to the residents of that property. He said this is an opportunity to decide what should be a fee and what should be charged to the general public. He didn't think tree replacement should be part of the tax levy.

Ald. Becker said that most people don't use the baseball diamonds, yet the public pays for those. He felt it was a quality of life issue. Wauwatosa prides itself on being the city of trees. There are certain things the city has to provide for the good of the community. He supported Mr. Kappel's recommendation.

Moved by Ald. Becker, seconded by Ald. Grimm to recommend approval for the city to pay for 2-inch replacement trees and to charge the property owner the difference in replacement cost for any trees larger than 2 inches --

Ald. Purins thought that fees were charged usually for things that are short in duration. A tree can last from 50 to 100 years. If people were charged they probably wouldn't replace the trees and that is a detriment to the community.

Mr. Kappel said he couldn't guarantee that the resident would get the wholesale price on the 4-inch tree. He noted that within a couple of years the 2-inch tree catches up to the 4-inch tree in size so there really is no advantage to buying the larger tree.

Ald. Maher said he was not opposed to replacing trees, but there should be a broader discussion of where the property tax dollars are going.

Vote on the motion was Ayes: 7, Noes: 1 (Maher)

Milwaukee Metropolitan Sewerage District (MMSD) 2007 Storm Water Best Management Practices Partnership grant and professional services agreement with Symbiont Consulting

Mr. Wehrley said that the Milwaukee Metropolitan Sewerage District (MMSD) has invited municipalities and others to participate in the 2007 Storm Water Best Management Practices Partnership. Demonstration projects that manage the volume, rate and quality of storm water runoff are eligible projects. The projects proposed must improve the quality of the storm water and reduce the rate of volume of runoff. The partnership requires a minimum of a 50% cost share. The project they are proposing are residential rain gardens. It will be modeled after a similar program that was successfully implemented by the City of Rock Island, IL. In this project homeowners plan, design and construct rain gardens on their residential lots. The city approves the tentative location prior to construction and inspects the final product upon completion. The homeowner is reimbursed at a rate of \$4 per square foot of rain garden constructed. He said they are proposing to apply for \$40,000 of the \$100,000 available for the demonstration program. The city portion would be at most \$40,000.

Ald. Maher said he was a strong advocate for this type of storm water management. He noted that Burleigh Square was one of the first commercial developments in the area to use this type of storm water management.

Moved by Ald. Maher, seconded by Ald. Purins to recommend approval for the following: 1) to apply for the 2007 MMSD Storm Water Best Management Practices Partnership grant; 2) authorize the property city officials to accept the grant; 3) authorize the expenditure of up to \$40,000 from the Storm Water Management Reserve as the matching contribution; and 4) enter into a professional services agreement with Symbiont Consulting for up to \$12,000 --

Ald. Stepaniak said this is a creative use of public funding that will probably be pretty popular and will solve some other major storm water problems.

Vote on the motion was Ayes: 8

2007 Sanitary Sewer rates

Mr. Braier said that during the first meeting of each year the city takes a look at the sanitary sewer rates for the next year. They use the Milwaukee Metropolitan Sewerage District (MMSD) rate manual. He is recommending an 8% increase in the local rate and a minor cost increase in the sanitary sewer rate. He said the average user bill would increase by approximately \$40.

Ald. Maher said he has concerns that even with the passage of a rate increase the revenue won't keep up with the costs. Mr. Braier said these rates will keep the budget at status quo. The goal is to have a zero balance in the account.

Moved by Ald. Maher, seconded by Ald. Becker to recommend approval
of the 2007 Sanitary Sewer Rates – 8

Department of Justice (DOJ) mandated sanitary sewer repairs

Mr. Braier said the Department of Justice (DOJ) has mandated inspections and cost-effective repairs to the city's sanitary sewer manholes at least once every five years. An analysis and discussion of the nature of the repairs has raised the question of the proper financing method. In the past two years such repairs were included in the Capital Improvements program and debt was issued to fund the work. Now with ten years of repair experience and a more in depth look at future repairs, debt may not be the best method of funding the work.

Mr. Braier said a strong case can be made to raise the necessary funds through the sanitary sewer rate structure. The nature of the work leans more towards maintenance than construction. Maintenance is an operating cost and should be funded on a current basis. This would be a change in philosophy. He recommended that the manhole inspection and repairs be included in the 2008 operations budget of the Sanitary Sewer Reserve and that the rates be adjusted at this time to fund the projected expenditures on an annual basis.

Ald. Stepaniak asked what is being spent on an annual basis. Mr. Kappel said that in the capital budget request they placed \$750,000 in the budget each year for the next five years. By the time they finish the work this year they will be very close to that amount. They are attempting to do as much work as they can this winter while the weather is cooperating. They will not be able to finish so there will be a need for further contracting. He said there is a potential that down the road the expenditure amount may decrease; however six years from now they are going back to the same areas and there will still be work to do. He agreed that the work tends to belong more in the operating budget than the capital budget. He and Mr. Braier strongly recommended approval of the item.

Moved by Ald. Maher, seconded by Ald. Krol to recommend approval
to include the manhole inspection and repairs in the 2008 operations
budget of the Sanitary Sewer Reserve and to adjust the rates at this time
to fund the projected expenditures on an annual basis – 8

2007-2011 Capital Improvement program

Mr. Kappel said the committee has heard their presentation on the 5-year Capital Improvement Program and they have provided information on an increase in funding. They would like to get the 2007-2011 Capital Improvements plan approved and while they continue to have a flat road repair budget, the question is the extent to which the city's streets will be allowed to deteriorate.

Mr. Wehrley told the committee that the pavement does not degrade in a straight line. As the end of the life of the street draws near, the rate of decay rapidly increases. He said that Wauwatosa has decided as a community to do preventative maintenance. Their system prolongs the life of the roads with fewer

potholes. The downside is that since they concentrate maintenance on the traveled road the curbs and drive approaches are in worse shape at the end of the life cycle. It is not as noticeable because the rest of the road is in good shape. In the last several years they have seen a decline in pavement quality and they have decided that it is in the city's best interest to fix the utilities under the roadway. He said that with a flat budget there has been a decline in the amount of streets being paved and there is also inflation to be taken into account. He stressed that the city is heading for a decline in overall quality of the roads. If the roads are allowed to decline there will have to be a breaking point in the road paving program to where they will have to radically increase the paving program. They should be paving approximately 4 miles of road every year. A road reconstruction is really a once in a lifetime experience for the resident if they don't move around the city. They recognize that there are other short term needs in the community; therefore, the quality of the roads is a policy decision. Even if they projected that a road will last 90 years they would still have to pave 3 miles of road each year and that is a big increase from what they do now. He said that in 2006 they sent out 290 letters to residents and informed them that the city was going to pave their streets. They held a public hearing and no one spoke against the work being done. He believes that residents in Wauwatosa take a lot of pride in their homes and their yards. In 2006 they observed that staff received a large number of calls from residents wanting their streets to be repaired and asking about the schedule.

Ald. Stepaniak asked how many roads were planned for paving in 2007. Mr. Wehrley said they are planning on paving approximately .08 of a mile and it should be about 4 miles. Mr. Kappel noted that the city's street rating system was recognized by the state and is a solid rating system. Mr. Wehrley added that if they pave less than a quarter of a mile each year the pavement will continue to deteriorate.

Ald. Stepaniak stressed that if there is a desire for immediate improvement, the committee would have to increase funding for the Capital Improvements Program.

Moved by Ald. Krol, seconded by Ald. Purins to recommend approval
of the 2007-2011 Capital Improvements Program – 8

Amendment to the charter ordinance regarding the city's general obligation bonding limitation

Mr. Kappel said that raising the bonding limit to cover increased costs in the Capital Improvements Program has been discussed at previous meetings. He noted the additional information from the Mr. Braier regarding other cities' borrowing limits. He added a similar spreadsheet that included Brookfield and Madison. He said that within the scheme of other municipalities in Milwaukee County, Wauwatosa is the third lowest in debt service. In light of that, the city has a lot more money that it can borrow. The question is how that will affect paying off the debt service over time. The money also could be raised by increasing fees. Ald. Stepaniak noted that Wauwatosa is at 10% of the money that is available to borrow.

Mr. Archambo said that the graph he submitted was based on data he obtained from the State Department of Revenue. The most recent information is from 2004 and provides a generic comparison between the city's debt, all cities and cities with a population of 25,001 to 500,000.

Ald. Maher said that his concern was that statistics could be used any number of ways. The assumption is that the city is not spending enough with regard to debt service. He said part of the discussion has been about trying to get to the point where the city is repairing or repaving 4 miles of roads annually. In only 2 of the last 14 years has the city meet that 4 mile benchmark. He asked if 4 miles of paving per year was achievable and if the 4 mile benchmark cannot be reached what lower threshold is the committee most comfortable with. He noted that over the years the city has been spending an average of \$7 million on capital expenditures. He asked why the discussion has centered on raising the bonding limit to \$4.7 million. Mr. Wehrley responded that the \$4.7 million bonding limit was derived from highway statistics from 1998 projected forward to 2007.

Ald. Stepaniak said the Capital Improvements Advisory Committee believes there is a gap in the funding needed to do necessary road maintenance and the city is not going in the right direction. Due to inflation and other factors, \$4.7 million is what the city would need to equal the \$3.5 million budget the city has been working with over the past few years. The city is significantly low in their borrowing authority. Pavement repair is one of the factors that drive down the number of miles that are paved each year. Right now the city is choosing to fix the pavement and not what is under the pavement. There are some streets being left out each year because of construction costs. The money to cover a more comprehensive paving program is not in the budget right now and doesn't fit anywhere in the \$3.5 million bonding limit. He noted that the \$3.5 million is merely the general obligation fund borrowing not included in what is paid back through utilities. There is an amount above \$3.5 million that several indicators point to which might be advisable. He suggested that if the committee is to talk about a charter ordinance change, it would be helpful for staff to put together a revised capital plan showing the additional work that would be done if the bonding limit were to be raised above \$3.5 million. This would allow the committee to make a good decision on making that investment.

Ald. Purins said the initial recommendation of the Capital Improvements Advisory Committee was that the city needs to catch up on road maintenance and to do that the city needs to go beyond the \$3.5 million bonding limit. There will have to be a discussion of the road paving and other capital projects. He felt the focus should be on the road paving.

Ald. Becker said the committee just can't say they are going to raise the bonding limit to \$4.7 million without knowing what work will be done with the extra money.

Ald. Stepaniak said he didn't think there was any special formula that supports either approach: 1) the Capital Improvement Advisory Committee's method of picking a number to increase the bonding limit and have staff report on how many roads can be worked on with that increase or 2) planning for a certain number of miles each year for the next five years with the cost estimated out. He said that either approach would work.

Mr. Wehrley said that adding one mile to the paving program increases the budget by \$1 million to \$1.5 million including paving and utilities. If the committee is looking at indexing the \$4.7 million to the end of five years the amount could increase to \$5.6 million.

Ald. Maher asked how many miles of paving would be the target if they were to lower the standards for road quality. Mr. Wehrley said the current level of expectation for road maintenance calls for 3 ½ to 4 miles of roads paved per year.

Mr. Archambo said that staff is trying to get to a point of having the committee make two critical decisions: 1) the level of road maintenance the committee wants to support and 2) how to pay for that level of maintenance.

Mr. Wehrley stressed that when the street surface is repaved it stays in better shape longer. He looked at the long term forecast and he said city road conditions are at the point where it would take 4.4 miles per year to get caught up on repaving.

It was the consensus of the committee to have staff present a 4 year capital plan with approximately 3.5 miles per year of paving and associated infrastructure in order to have an approximate idea of the needed bonding limit to cover construction costs.

Vouchers

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
T. Gelhar	\$1,812.95	Health – 1/22/07 – Milwaukee Public Health Administration Courses
J. Lane	\$75.00	Police – 11/10/06 – Wauwatosa Retirement/Financial Planning for Law Enforcement
T. Lilly	\$75.00	Police – 11/10/06 – Wauwatosa Retirement/Financial Planning for Law Enforcement
M. Tebo	\$75.00	Police – 11/10/06 – Wauwatosa Retirement/Financial Planning for Law Enforcement
R. Burnett	\$75.00	Police – 11/10/06 – Wauwatosa Retirement/Financial Planning for Law Enforcement
D. Leone	\$75.00	Police – 11/10/06 – Wauwatosa Retirement/Financial Planning for Law Enforcement
L. Nielsen	\$3,387.52	Health/Consortium – Public Health Leadership Off-Campus Program

Moved by Ald. Hanson, seconded by Ald. Grimm that the vouchers
be allowed and paid – 8

The meeting adjourned at 10:25 p.m.

Carla A. Ledesma, City Clerk
City of Wauwatosa

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