

**CITY OF WAUWATOSA**

MEMORIAL CIVIC CENTER  
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**Legislation, Licensing & Communications Committee**

Tuesday, January 11, 2005  
Committee Room #2

PRESENT: Alds. Birschel, Grimm, Krill, Subotich, Sullivan, Treis - 6

ALSO PRESENT: Mayor Estness; B. Weber, Police Chief; A. Kesner, City Atty.;  
B. Aldana, Asst. City Atty.; Rhett Tuff, Appraiser

Ald. Treis as Chair called the meeting to order at 7:15 p.m.

**Class A Beer and Class A Liquor license application for Mega Marts, Inc., d/b/a Pick 'N Save, 6950 W. State Street**

Mark Bergeson, agent for Pick 'N Save, was present. Chief Weber stated that Mr. Bergeson had no police record. City Attorney Kesner pointed out that a new license was needed because of new ownership, not lack of licensing.

Moved by Ald. Sullivan, seconded by Ald. Grimm  
to recommend approval - 6

**Operator license application for Nicole Collier, 360 Concord Drive, Brookfield**

The applicant did not appear. The Chair ordered held until the next meeting.

**Memo from the Mayor regarding the Wauwatosa School District's request to Gov. Doyle's office for relief from penalties against negative tertiary aid school districts**

Mayor Estness stated that she received a notice regarding a modification to the state budget that would allow dollars that are raised locally to be spent locally without losing state aid. Based on a 2/3 funding mechanism, the school district loses 70 cents for every dollar spent, which creates a structural deficit. State Senator Tom Reynolds is working to get verbiage added to the budget by Governor Doyle. This is a statewide issue and if the Wauwatosa School District is not allowed to use its revenue for improvements, Wauwatosa will be put at a disadvantage as other communities grow. The intent of the proposed funding is to be revenue neutral. Ten districts in Milwaukee County are negative tertiary. We would be remiss as taxpayers not to legislatively consider the request.

Pat Luebke, Wauwatosa School District Interim Superintendent, 6220 Upper Parkway North, stated that there is a reserve fund of \$6 million that, if used, \$.70 for every dollar would be lost. Their request is to alleviate that penalty so the fund can be used dollar for dollar.

Demond Means, Wauwatosa School District Interim Superintendent, 12121 W. North Avenue, stated that he believes they are supported by State Senator Tom Reynolds and State Rep. David Cullen. Due to the high value of the community and its property and not being able to use reserve funds dollar for dollar, Wauwatosa's negative tertiary impact is among the highest. The School District does not want to be fiscally irresponsible by using the fund balance at \$1.70 per dollar, instead of dollar for dollar. The State has had an impact school district funding.

He would like the Committee to acknowledge the impact (of negative tertiary aid), and to help the School District gain control of what's provided for local children. Ms. Luebke stated that they would like to do what needs to be done as stewards without putting students at a disadvantage by not using funds already there.

Mayor Estness requested an endorsement from the Council of the School District's request. Mayor Estness also stated that it seems fiscally irresponsible to not use the \$6 million fund for the benefit of the community.

Moved by Ald. Krill, seconded by Ald. Birschel  
to recommend support of the School District's request--

Ald. Sullivan asked what negative tertiary aid is. Ms. Luebke stated that tertiary aid is negative in Wauwatosa because property values are high, and it is based on a complex formula that changes year to year. The Mayor stated that the purpose is to equal out communities that are not as land wealthy. Ald. Sullivan asked why there's opposition, despite such broad support. The Mayor stated that 2/3 of the money goes to the state. Mr. Means stated that Wauwatosa is fiscally responsible, meets bills and balances its budgets and that this issue does not affect most school districts because the negative tertiary amount isn't as high, and most schools borrow money by January. The Wauwatosa School District does not borrow money. Ms. Luebke stated that the Wauwatosa School District is one of few districts with an Aaa bond rating. Ald. Sullivan clarified that Wauwatosa School District wants to use the fund balance, not borrow against it. Ms. Luebke stated that any dollars that are obtained from a successful referendum are subject to the negative tertiary penalty.

Vote on the motion was Ayes: 6

#### **Update from the Assessor regarding the Legislative Council Committee on Property Tax Exemptions**

Beth Aldana, Assistant City Attorney, advised the Committee of legislative proposals regarding benevolent associations on both State and local levels. Ms. Aldana referred to the Supreme Court ruling in the Columbus Park case. The ruling stated that both tenants and landlords must fall under guidelines of benevolence to receive the tax exempt status. The legislation has been changed to provide an exception for residential housing, which led to the interpretation held prior to the Columbus Park case. Ms. Aldana stated that an article in the Milwaukee Journal Sentinel mentions the amount of tax dollars that would be on the rolls if such facilities were taxed. She went on to say that a person may find it inequitable that residents in high income apartments have no property taxes, versus owning a home and having to pay. Ms. Aldana stated that the League of Wisconsin Municipalities is asking for the decision to be reversed because over the last 35 years the property tax base has been steadily eroding due in large part to the creation of numerous property tax exemptions by the Legislature. The intent of the fix is to keep residents who are not low income contributing to property taxes.

Rhett Tuff, of the Assessor's Office, stated that an appraisal of one of the senior homes such as San Camillo, Luther Manor, or Harwood Place was \$37 million a few years ago, and is now \$40 million, which would equate to \$1 million in tax revenue, of which the city takes 30%. The community wants benevolent defined as charitable. Residents who are on fixed incomes are paying their share and the share of residents in these homes. This is a big issue in communities with a lot of exempt properties. The burden has been shifted from exempt properties to those that are not exempt. Ald. Sullivan asked if the discussion was about senior homes or other tax exempt properties. Mr. Tuff stated that the assessor was referring to "luxury" senior homes, and that the homes are not benevolent because people are screened to make sure that they can pay for the services.

Ald. Krill stated that if this was not just for one tax exempt business but all that this could be a fight. A lot of organizations that are not for profit are similar to other businesses. Ms. Aldana stated that she was trying to clarify whether this would affect regular benevolence, or residential housing only. She stated that the Board of Tax Exemptions' (BOTE) fee for appraising 3 properties would be \$50,000.00, and that not all municipalities can

afford this fee. On the other hand, BOTE would create a centralized appraisal, and create uniformities on residential housing, and the property owner would bear the burden of gathering necessary information.

Ms. Aldana stated that after the Columbus Park ruling was overturned, a special committee was created relating to fairness. High end luxury senior housing is not necessarily exempt in new legislation. An exemption status is given by the Assessor, and oppositions have to be fought in court, and some communities cannot afford to fight such cases.

Ald. Birschel mentioned that his mother lives in her own home, while his aunt lives in Luther Manor, and he questioned the difference between the assisted living and nursing facilities of the same complex. Mr. Tuff stated that part of the facility would be taxable, nursing is benevolent (and would remain exempt), but people who are in need of care are screened out of such facilities because they can't afford the fees. This shifts the tax burden of high end housing to people like Ald. Birschel's mother.

Ms. Aldana stated that the proposal still exempts nursing homes. Ald. Sullivan questioned whether this requires state action, and if the Assessor's were looking for approval to do so. Mr. Tuff stated that there was no municipal support yet, and that perhaps a resolution could be put together, like in Milwaukee.

Moved by Ald. Sullivan, seconded by Ald. Grimm to authorize  
Attorney and Assessor to research and come back in two weeks  
for further discussion – 6

Mayor Estness added that this item is on the legislative agenda of the Alliance and League, and that the resolution will be taken to those boards.

#### **License applications forwarded for review**

The Chair ordered the applicants Eric Sampson, Adam B. Krueger, Boback (Bo) F. Fotouhi, and Francisco Martinez-Perez to appear at the next meeting.

The meeting adjourned at 8:07 p.m.

Carla A. Ledesma, City Clerk  
City of Wauwatosa

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