

**BUDGET & FINANCE COMMITTEE MEETING**

Tuesday, July 25, 2006

Committee Room #2

PRESENT: Aids. Becker, Grimm, Hanson, Krol, Purins, Stepaniak – 6

EXCUSED: Aids. Ewerdt, Maher

ALSO PRESENT: A. Kesner, Interim City Admin./City Atty.; W. Kappel, Pub. Works Dir.; J. Plass, Acctg. Mgr.; N. Welch, Comm. Devel. Dir.

Ald. Stepaniak as Chair called the meeting to order at 8:18 p.m.

**Ordinance amending Section 3.36.020 of the city code allowing partial refund of street occupancy permit fees for dumpsters**

Mr. Kappel said there has been no mechanism in the ordinance providing for a refund of street occupancy permit fees; specifically, in cases where the applicant has found a way to locate a dumpster on their property after they have paid the permit fees for locating it on the street. He stressed that the refund would only pertain to permits issued for dumpsters in residential use. The refund would be 25% of the fee for permits over \$25. They would like to use this policy to encourage people to locate their dumpsters out of the city right-of-way.

Moved by Ald. Becker, seconded by Ald. Purins to recommend adoption of the ordinance amending Section 3.36.020 of the city code allowing a partial refund of street occupancy permit fees for dumpsters --

Mr. Kappel said they are in the process of reinforcing the need for street occupancy permits with the waste companies. If there are any violations they are addressed with the waste company not the resident.

Vote on the motion was Ayes: 6

**Adjustment to April invoice from Waste Management**

Mr. Kappel said his department and Waste Management officials have met on several issues to reach agreement about enforcing penalties while addressing operational changes to handling garbage and recyclables. The penalties are for missing the 20% diversion rate required by the contract. In April the diversion fell short by approximately 6% yielding a 36.49% penalty of \$19,970.72. In May the diversion rate was short by approximately 2% for a 4.23% penalty of \$2,090.70. The operations involve aging facilities and equipment in the transfer station and processing facility; part of which contributed to missing the rate. He said the city is responsible for the building (transfer station) and Waste Management for the internal operation.

Mr. Kappel said the main reason for the recommended reduction on the May invoice is the concessions Waste Management has already made in their contracts with the city. These concessions involve the processing and disposal of yard waste and an agreement to test methods of hauling city garbage/recyclables to the Waste Management facility in Germantown to determine the feasibility of such remote sorting and recovery/disposal. The testing could result in avoiding costly repairs to the city transfer station and lead to potential revenue sharing for recyclables. He recommended invoking the full May amount, but reducing the April deduction to the

average of all 4 months or \$6,810.44. The main reason for the shortfall in the diversion rates were mechanical failures of the conveyors in April, and a fire on both the conveyor and in one of the trailers in May.

Moved by Ald. Grimm, seconded by Ald. Hanson to recommend approval of an adjustment to the April invoice for Waste Management --

Ald. Purins asked if the city was partially at fault. Mr. Kappel responded that the city was not at fault for the month of April and this is the first time there has been a problem. Ald. Krol said that Waste Management is not a small operation. He realized that they have done some good things for the city, but they do have a lucrative contract with the city. This type of invoice adjustment seemed to him more like a charity type of operation. He thought negotiations should take place before the billing. He did not think the city should issue a credit to a company this large.

Vote on the motion was Ayes: 6

Ald. Purins requested the net fiscal impact of this invoice adjustment request.

### **Claim of Levi Lura, 7818 W. North Avenue**

Mr. Kesner said this claim involves a sewer backup into the Lura's home. The sewer and drain service found that the blockage was in the city line. This was caused by an old seal from the manhole cover that dropped into the line. He explained that city liability is premised on negligence. The city was unaware that this had happened. He noted that having a manhole cover seal deteriorate and fall off, has never happened before. He recommended denial because this was an accident.

Moved by Ald. Purins, seconded by Ald. Becker to recommend denial of the claim – 6

### **Amendment to project plan for Tax Increment Finance (TIF) District #3**

Mr. Kesner recommended the amendment to the project plan for Tax Increment Finance (TIF) District #3. This was precipitated in part by a request from the developers of the Stone Point Condominium project on the former Western Metals site. The amendment will also allow for expenditures on other city projects in that area. The amount of the expenditures would total up to \$6 million. The city is recommending giving approximately \$1.9 million for the request from the Stone Point developers; however, that request will be addressed at a later date. This amendment would also include approximately \$3.5 million in estimated public construction costs for State Street. Costs that include projects such as: 1) sewer work; 2) water utility work; 3) curb and gutter replacement; 4) pavement repair, milling and resurfacing; 5) trees; 6) sod repair; 7) traffic control; 8) 68<sup>th</sup> Street intersection modifications; 9) new electrical service connections; 10) miscellaneous landscaping; 11) relocating railroad signals; 12) relocating and replacing traffic signals at 68<sup>th</sup> and 70<sup>th</sup> streets. The amendment was approved by the joint review board and by the Plan Commission as well. He recommended approval for the changes.

Ald. Stepaniak noted that the developer has asked for \$4.5 million and Ms. Welch's recommendation is for \$1.9 million. He further noted a communication from Seibel Falkner regarding a request for an increased amount of funding. Mr. Kesner stressed that by acting on the amendment to the project plan, the committee would not be approving the request, but this action would allow the committee to consider any requests at a later date. The decision does not have to be made now. Ald. Stepaniak said that the items identified for potential inclusion by the developer involve remediation of waste issues including projects such as: 1) earthwork retainage; 2) site cleaning and grading; 3) removing stockpiled contaminated soil from inside building; 4) contaminated soil vapor barrier; and 5) water laterals, fire hydrants, sanitary sewer, storm sewer. Mr. Kesner said that this is the first major project under this TIF. The other TIF project was The Reserve and he didn't know if remediation was

done as part of that project although there was remediation of city property involved. Ald. Stepaniak pointed out that the Outpost Foods project did involve extensive remediation. Mr. Kesner said the TIF provides sufficient increment for the \$1.9 million. Ald. Stepaniak noted that the amended \$6 million cost would include the \$1.9 million for environmental remediation at Stone Point. Mr. Kesner reiterated that the additional public construction costs for State Street projects would be \$3.5 million. Mr. Kesner said the language in the amendment to the project plan allows for flexibility with the projects. Amending the plan allows for up to \$6 million in expenditures.

Ald. Purins asked about the sidewalk portions of the project. Mr. Kesner said the sidewalk portions will provide access for Schoonmaker Reef and they are recommended by the planning department. Ald. Purins noted that the reef is a found jewel for the community that will soon become more of a public attraction. Mr. Kesner said they are going to provide access to the reef with fencing and lighting. Ald. Purins asked if the reef could be harmed by the access. Mr. Kesner said they are being encouraged to provide the access in a low key manner; it will not be a tourist attraction.

Ald. Krol pointed out that the reef was private. Mr. Kesner clarified that the entire area of the reef is on the Derse property. The city probably will look into appropriate land agreements with the owners. Ald. Krol asked if the TIF amendment is approved will more than one landowner be involved. Mr. Kesner stressed that the TIF District funding and the amendment involves all of the land owners in the district. Ald. Krol asked if there would be any liability involved with providing a sidewalk and fencing to the reef area. Mr. Kesner said the property would still be private property and not open to the public, but there would be limited access. The reef is part of the business planned development.

Ms. Welch said they are investigating a couple of ways to deal with a conservation easement that would give the city certain rights and access involving the development of the site. There will be controlled access under certain circumstances. Access to the reef would be under the auspices of the Historic Preservation Commission for school groups, etc. It could also be open once or twice a year to the public. One of the preliminary conditions for the developer's agreement would be to allow controlled access to the reef.

Ald. Krol asked how many years it would take to pay back the TIF. Ms. Welch said that under state law there are 23 years to pay it back, but most of the projections for pay back are in 2016. This TIF is projected to last for 9 years. Ms. Welch reiterated that they are not looking at funding everything the developer has requested, but some of the projects are typical developer expenses. Ald. Krol noted that TIF #3 provided the water to the area and asked if it would provide the water to the developer as well. Mr. Kesner said that the water provided to the area benefits all the properties in the area. Ald. Krol asked what would happen if not all of the TIF money is used. Mr. Kesner said if that were to happen, they could plan additional projects or decide to retire the TIF early.

Ald. Becker asked what would happen if the environmental cleanup costs the developer twice as much. Mr. Kesner said the developer has put together their cost estimates for all of their projects. The city gives them the money as a grant and if the costs are higher than they estimated, the developer is responsible for the cost overrun.

Ald. Becker asked about limiting liability. Mr. Kesner said the city limits liability by providing the money and from that point on the developer is responsible. He noted that it is much more difficult to develop a condominium project on a former industrial site than on a former farm site. They use the TIF money as a way to put Wauwatosa on a level playing field with projects in other municipalities where there might not be as much remediation needed. Ms. Welch stressed that once the Western Metals property is cleaned up, Wauwatosa will have another clean property site for the future. She added that the developer's agreement will spell out the particulars of the cost. Ald. Stepaniak said the estimated fair market value of the property, by the time the work is done, will be approximately \$50 million.

Ald. Grimm said he was under the impression that the city was bailing out the developer through the TIF funding. Mr. Kesner reiterated that the TIF money will benefit the city as a whole by providing the ability to compete for development projects on a level playing field with other cities that may have more land to develop and as well as land that does not need remedial help. He said they would like the developer's expenses to be on par with competitive properties in other communities. The developer initially asked the city about TIF funding when he bought the property, but the city did not commit at that time. Ms. Welch stressed again that the increment generated will provide \$3.5 million to cover public projects.

Ald. Grimm said he has not seen any improvements by the developer on any of his properties. He was also under the impression that the reef was going to have bright lighting. Ms. Welch said the reef will be lighted, but the lighting for the reef is intended to create a safe environment for members of the public. She said the neighbors would not want bright lighting. Ald. Grimm expressed his opposition to the amendment.

Ald. Hanson asked if the work being done will require prevailing wage jobs. Mr. Kesner said that any city project already has that requirement according to federal law.

Moved by Ald. Purins to recommend approval for the proposed amendment to the project plan for Tax Increment Finance (TIF) District #3 to allow for up to \$6 million in additional expenditures --

Motion fails for lack of a second.

Ald. Krol felt he did not have enough information to make a decision at this time. So he offered to make a motion to hold the item until the next meeting.

Moved by Ald. Krol, seconded by Ald. Grimm to hold this item until the next meeting --

Ms. Welch said there were some deadlines to consider as well as the fact that the next committee meeting is a short meeting before the Council meeting on September 5<sup>th</sup> and then the next regular meeting is on September 12<sup>th</sup>. She strongly cautioned that the longer the property remains vacant the more it becomes a magnet for vandals and the longer the issue is debated, the longer it will take the developer to begin construction. Mr. Kesner said any postponement would mean a 6 week delay in the process.

Ald. Stepaniak said he would vote against the motion to hold the item. He said this is an amendment to a project plan that has already been reviewed by the TIF Review Board and the City Plan Commission. He strongly felt that there were enough control points built into the process and he didn't see any reason to delay action on the amendment. He stressed that the city has a very underdeveloped, contaminated property at that location on State Street and it makes sense to proceed with the amendment.

Upon a roll call vote Ayes: 3, Noes: 3 (Hanson, Purins, Stepaniak)  
The motion to hold fails.

Moved by Ald. Purins, seconded by Ald. Hanson to recommend approval for the proposed amendment to the project plan for Tax Increment Finance (TIF) District #3 to allow for up to \$6 million in additional expenditures --

Moved by Ald. Hanson, seconded by Ald. Grimm to amend the motion with the following language: "that any public funding out of TIF money pay the prevailing wage on the construction of the projects" --

Mr. Kesner reiterated that all prevailing wage requirements are met according to federal law on all Community Development Block Grant (CDBG) funded projects and in fact that is already a requirement for every public construction project. Ald. Purins cautioned that getting into a discussion about prevailing wage is very involved and would have to be addressed in all city projects.

Ald. Stepaniak said he would vote against the motion. He noted that in his previous service on the Wauwatosa Economic Development Board (WEDC) the issue has come up in many discussions about their projects. This issue can become an impediment to some of those projects. Without having a thorough discussion on this point, the issue should not be included at this time.

Vote on the motion was Ayes: 2, Noes: 4 (Becker, Krol, Purins, Stepaniak)  
The amendment to the motion fails.

Vote on the original motion was Ayes: 2, Noes: 4 (Becker, Grimm, Hanson, Krol)  
The motion to approve the amendment fails.

**Vouchers**

<b><u>NAME</u></b>	<b><u>AMOUNT</u></b>	<b><u>FOR</u></b>
B. Aldana	\$215.00	Attorney – 6/14/06 – Sheboygan 2006 Municipal Attorney’s Institute
M. Pearson	\$35.52	Police – 6/18-6/23/06 – Ft. McCoy Technical Crash Investigation
B. Weber	\$598.72	Police – 6/18-6/21/06 – Lake Nebagamon WI Police Exec. Group – 2006 Annual Training Conf.
K. Gierach	\$100.00	Police – 6/8-6/9/06 – Germantown Advanced Highway Drug Investigations.
9 Arborists	\$435.00	Forestry – 7/6/06 – West Bend WI Arborist Assoc. Summer Workshop
T. Estness	\$47.20	Mayor – 5/18-5/19/06 – Manitowoc WI Alliance of Cities Board Meeting
W. Tarman-Ramcheck	\$177.11	Pub. Works – 7/21-7/24/06 – Mosinee APWA-WI Executive Committee Meeting

Moved by Ald. Hanson, seconded by Ald. Becker that the vouchers  
be allowed and paid – 6

The meeting adjourned at 9:45 p.m.

Carla A. Ledesma, City Clerk  
City of Wauwatosa

svh