



CITY OF WAUWATOSA  
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**CITIZENS ADVISORY CAPITAL IMPROVEMENTS COMMITTEE**  
**Monday, October 2, 2006 – 7 p.m.**

PRESENT: J. Albert, K. Barry, F. DeFrain, R. Deuel, C. Graupner, M. Kreiter, R. Lau, P. Matthews, M. Moylan, Ald. J. Stepaniak -10

EXCUSED: T. Brown, J. Engelhardt, J. Kasdorf, T. Stacey

ALSO W. Kappel, Director of Public Works; W. Wehrley, City Engineer;  
PRESENT: A. Kesner, City Atty./Interim City Admin.; Ald. Purins

Ald. Stepaniak as Chair called the meeting to order at 7 p.m.

**Five-Year Capital Improvements Program – 2007-2011**

Mr. Wehrley referred to a September 20, 2006 memo from the Director of Public Works providing additional information on bonding that had been requested by the committee. The question raised was whether the bonding limit should be indexed and, if so, what would be an appropriate index. The Finance Director has suggested using the U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index Industry Data for Highway and Street Construction as an annual index for the bonding cap. A table of month-by-month data from January 1998 through July 2006 was provided. Using that index, the Finance Director calculated that the \$3.5 million cap enacted in 1998 is equal to \$4,727,126 at the beginning of 2006.

Mr. Moylan calculated the percentage increase between 1998 and the beginning of 2006 as 43% or 4.6% per year. There was some discussion of other indices and whether the index reflects the rate of inflation and the Consumer Price Index.

Mr. Deuel questioned the effect on property taxes of raising the bonding cap. Mr. Wehrley explained that part of that depends on the type of projects. Sanitary sewer projects, for example, are paid through the sewer bill and storm sewer projects are paid from the stormwater fee on the water bill. A portion of paving costs and other non-utility work is paid from bonding, which would affect property taxes. Because the bulk of the work on the streets dropped from this year's program was sewer work, adding those streets back would have a lesser impact on property taxes than projects on streets without underlying sewer work.

Ald. Stepaniak noted that the city can borrow less than \$3.5 million, and the state has defined limits beyond which the city can borrow. Mr. Kesner said that the state limit might be around \$50-70 million per year, which is a function of assessed values and how much debt a municipality can carry overall. Mr. Wehrley added that in 2005, the city utilized only 12.36% of its borrowing capacity.

Mr. Moylan spoke of the equilibrium of debt, i.e., the balance of new debt and debt being retired, and estimated that increasing bonding by 4.6% annually for 10 years would bring the new equilibrium debt level to about \$30-40

million. This does not begin to approach the city's debt limit or put bond ratings in danger, he felt. It was again noted that the impact on taxes would depend on the type of projects.

Ms. Matthews asked about the project that led to a change in the single project bonding limit. She was concerned about using extra money to fund large projects on which the community should have a say or on something that is really maintenance rather than on infrastructure. She would not want to see \$1 million budgeted for Hart Park in a series of years rather than having the project go to referendum.

Mr. Wehrley said that the \$1 million single project restriction was removed in connection with the public works roof replacement project, which was felt to be a maintenance issue and not something that should go to referendum. Mr. Kesner clarified that a new building couldn't be considered a maintenance issue and said furthermore that State Statutes differentiate maintenance from public construction. Ald. Stepaniak commented that with the backlog of infrastructure projects, there would be little room to play with even with an increase in the bonding limit.

Further discussion of a possible per-project cap ensued. Mr. Kappel noted that some sewer projects within the next five years could reach \$2 million. Mr. Wehrley said that painting a water tower may cost \$1 million, but it is considered maintenance. A half-block sewer extension could cost half of that but is public construction. Mr. Moylan commented on the need to trust the Common Council to decide when something should go to referendum and when it should be piece-mealed under the limit. Ald. Stepaniak noted that elected officials need to balance the feeling of some that any dollar increase in taxes is too much against others' feeling that the city needs to make whatever investments are appropriate and doesn't do nearly enough. The Common Council does pay attention to infrastructure issues, but the argument needs to be brought up again since it has not been seriously revisited in awhile.

Ald. Purins questioned the timing of the capital budget in relation to the indexing data to be used. Would the data be six months old or projected six months into the future? Mr. Kappel said that the Council passes on bonding at the point that funds are needed for projects, generally in the spring. Mr. Lau asked what would happen when the index goes down, as the chart shows it has in the past. Ms. Matthews felt that in that case the cap should remain at what it was the year before. Mr. Moylan noted that as the index goes down over time, then prices on projects should go down also.

Following continued discussion of the committee's intent and suggested language, the following motion was made:

Moved by Mr. Moylan, seconded by Ms. Matthews, that based on the need to give the Common Council the ability to restore adequate funding for capital projects in the city, the committee recommends raising the bonding limit to \$4.7 million and indexing it based on the U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index Industry Data for Highway and Street Construction (ID: PCUBHWY—BHWY), and further recommends giving due diligence to large, new public projects including consideration of a referendum where appropriate.

Vote on the motion, Ayes: 9; Noes: 1 (Deuel)

Moved by Mr. Graupner, seconded by Mr. Albert to recommend approval of the Five Year Capital Improvements Plan 2007-2011. Ayes: 10

Ms. Matthews said that with increased borrowing capacity, she would like to be sure that continued flooding issues in the Ruby Avenue area are addressed in the next five-year program.

Mr. DeFrain asked if next year's plan would be increased incrementally if the bonding increase is approved. Mr. Kappel said that he assumes that the \$3.5 million cap would remain for next year's projects unless the Council decides otherwise.

Ald. Stepaniak said that tonight's recommendations will go to the Budget Committee at their meeting at 7 p.m. on Wednesday, October 4. They would then proceed to the Budget & Finance Committee for further action at some later point in terms of the capital budget. He urged committee members to appear at those meetings if they feel it appropriate.

The meeting adjourned at 8:05 p.m.

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Carla A. Ledesma, City Clerk  
City of Wauwatosa