

Summary Notes  
Meeting of the Pewaukee Merger Advisory Committee  
Tuesday, June 8, 2010  
8:30 a.m., Pewaukee City Hall

**Roll Call**

In attendance at the twenty-first meeting of the Pewaukee Merger Advisory Committee were, representing the Village of Pewaukee, Village President Jeff Knutson, Trustee Paul Evert, citizen member Mark Muehl, citizen member Tom Houck, and Administrator Scott Gosse. Representing the City of Pewaukee were Mayor Scott Klein, Alderperson Kathleen Novack, citizen member Dan Sanford, citizen member Dave Swan, and Administrator Tammy LaBorde. SEWRPC Advisor Phil Evenson chaired the meeting. Also in attendance at the meeting were William J. Mielke and Christine Cramer from Ruckert & Mielke, Inc., and John Gardner from Zeppos & Associates representing the consultant team assisting the Committee. Mr. Evenson thanked Mr. Sanford for chairing the prior two Committee meetings while he was traveling and recognized Ms. Novack as the City's new aldermanic representative.

**Summary Notes of Prior Meeting**

Mr. Evenson referred to the summary notes of the Advisory Committee's meeting of March 24, 2010. On a motion by Mr. Houck, seconded by Mr. Swan, with Ms. Novack abstaining, the summary notes of the meeting of March 24, 2010, were approved.

**Consideration of Comments and Questions Submitted by the Pewaukee Village Board**

Mr. Evenson noted that the Pewaukee Village Board had considered the merger related recommendations submitted by the Committee after its meeting on March 24, 2010. He then referred to a document provided by Mr. Gosse that summarized the questions and concerns of the Village Board members, noting that several of those questions and concerns relate to the proposed street utility district (SUD) and others relate to the draft consolidation ordinance. There followed a lengthy Committee comment and discussion period relative to the items and concerns submitted by the Village Board members, with each of the voting members of the Committee expressing his or her reaction to the concerns and questions. Members of the consultant team also commented in response to those questions and concerns. Mr. Knutson indicated that the Board had not yet taken a position on either the SUD or the consolidation ordinance, but had submitted the list of questions and concerns in an effort to seek clarification relative to the Committee's proposals and, in particular, clarification relative to alternative ways in which the merger might be effected without creating an SUD.

The following summarizes the salient conclusions reached as a result of the Committee's lengthy discussion:

- The SUD is the only option available under present law that would recognize the differential levels of public works services – particularly street lighting and yard waste removal presently provided to Village of Pewaukee residents but not to City of Pewaukee residents – while at the same time providing a basis for differential property tax rates under the merged community scenario as between current City and current Village property owners. Both the previously discussed State Constitutional amendment approach and the State consolidation district statutory approach would result in significantly greater differential property tax rates during the first ten years of a merged community. Neither of these latter alternatives are presently available for the purpose of effecting a merger. From the Committee's perspective, the SUD proposal now on the table, with its companion tax rate reduction of about \$1.66 per \$1,000 of property value in the present Village area, should be viewed by Pewaukee Village officials and residents as a far superior proposal to either of the multi-year "blending" tax rate alternatives that remain at this date legally unavailable.
- The Committee's recommendation that the SUD be put in place under the consolidation proposal for a period of ten years is rational and sound, having as its base for being a higher level of municipal services enjoyed by present Village property owners. Whether or not the City Council of a merged Pewaukee community will determine ten years hence to keep the SUD in place is something that no one can predict or control. To the extent that there would remain at that time differential levels of public works services, the differential benefits received would continue to provide a rationale for a relatively modest add-on property tax in the area concerned.
- The Committee's estimate of a thirty-three cent per \$1,000 of property valuation tax to pay for the extra services received in the SUD is just that – an estimate. Should an SUD be created and should the two Pewaukee municipalities merge, the new City Council will have to oversee the creation of a public works cost accounting system to determine in fact the cost of providing the additional services received in the SUD. Those costs may be more or less than the consultant's estimate, but in any case the additional tax must by law fairly relate to the extra services received. It should be expected that once the true costs of providing the extra services are properly determined, the SUD tax rate will be adjusted accordingly and, if necessary, any excess revenues received in the first year credited to those property owners in the second year.

- By State law, governance of the SUD or any other utility district in a merged Pewaukee community must remain with the community's Common Council and cannot be delegated to another body.
- State law does not allow at-large voting for members of a City Council. The draft consolidation ordinance provides for staggered terms of the Council members. Given that 2011 will be a redistricting year, the initially proposed four aldermanic district council scheme would be used only once, namely for the election of the first City Council in a merged Pewaukee community. Given the present consideration of the merger matter, that election would be held in the Spring of 2011, following an anticipated merger referendum at the forthcoming November Fall general election. Redistricting needs to be completed at the local government level by August 1, 2011, and any matters relative to future elections, including the number and shapes of aldermanic districts, would be determined by the new City Council by that time.
- Preparing a list of the assets and liabilities of the two Pewaukee municipalities would make sense if one municipality was being acquired by the other. Such is not the case, however, and the merger of two communities is governed solely by the provisions of State law. To the extent possible, the consultant team has considered the existing assets and liabilities of both municipalities in structuring the merger ordinance presently being considered.
- The Committee's merger proposal is based upon an assumption with respect to the law enforcement function that the new City Council would reestablish a local police department for the merged community by simply expanding the present Village Police Department. Under this scenario, the present City contract with the Sheriff's Department would be terminated as soon as possible. There is no way, however, for anyone to guarantee that the new City Council will select this law enforcement alternative. That new City Council would be free to purchase law enforcement services from Waukesha County as the current City Council presently does, and as the present or future Village Board could do as a matter of policy. No guarantees are available with respect to law enforcement under either the merger or the separate municipality scenario.

Mr. Evenson indicated that based upon the Committee's lengthy discussion, the consultant team would consider the Committee's comments and reactions to the Village Board concerns and questions and draft a proposed response to the Village Board for consideration by the Committee at its next meeting. In addition, the proposed consolidation ordinance would be changed to reflect a new time schedule.

### **Consideration of Additional Information Relative to Potential Future Cost Savings**

Mr. Evenson indicated that the Committee, very deliberately, had taken a conservative approach in estimating the cost savings that would be associated with a merger of the two Pewaukee municipalities. He noted that material in the Committee's "Playbook" prepared for the use of a possible merged community City Council identified a number of areas where a new governing body could find potential additional cost savings. He wondered whether it might be well to prepare a short, bullet point-like summary of those potential additional cost savings, including seeking a determination from Waukesha County as to what it might cost to have the County Sheriff provide law enforcement services to a merged Pewaukee community. During a brief discussion of this proposal, it was the consensus of the Committee that a short handout document identifying the areas of additional cost savings drawn from the "Playbook" would be appropriate, but that Mr. Evenson should not approach Waukesha County for a cost estimate to provide law enforcement services to a merged community. Mr. Evenson indicated that the consultant team would prepare a draft handout for Committee consideration at its next meeting.

### **Status of Consultant Contracts**

Ms. Cramer reported that Ruckert & Mielke had exhausted the available financial resources for its participation in the study. She indicated, however, that both the Boardman Law Firm and Zeppos & Associates had resources remaining. The Committee agreed that Mr. Evenson should work with members of the consultant team to explore the potential for transferring some of the Boardman Firm's contractual resources to Ruckert & Mielke in order that Ms. Cramer would be in a position to provide the materials required for a follow-up Committee meeting. Mr. Knutson asked for specific information relative to the expenditures of the Zeppos firm. Mr. Evenson indicated that he would provide those materials directly to the two municipal administrators.

### **Next Meeting Date**

It was agreed that the Committee would next meet at 8:00 a.m. on Wednesday, June 30, 2010, in the Pewaukee Common Council Chambers.

### **Public Comments**

A public comment period was then held. One individual spoke, expressing support for the work of the Committee.

### **Adjournment**

On a motion by Mr. Houck, seconded by Mr. Klein, the meeting was adjourned at 10.24 a.m.

Submitted by Philip C. Evenson

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