

Summary Notes

Meeting of the Pewaukee Merger Advisory Committee

Wednesday, April 22, 2009

6:00 p.m., Pewaukee City Hall

In attendance at the fifth meeting of the Pewaukee Merger Advisory Committee were, representing the Village of Pewaukee, 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 Roger Hathaway, citizen member Dave Swan, citizen member Dan Sanford, and Administrator Tammy LaBorde. SEWRPC Advisor Phil Evenson chaired the meeting. Also in attendance at the meeting were the following members of the consultant team assisting the Committee: William J. Mielke and Christine Cramer from Ruckert & Mielke, Inc., and -- via telephone -- Lawrie Kobza from the Boardman Law Firm.

Mr. Evenson referred to the summary notes of the Advisory Committee's meeting of March 18, 2009. On a motion by Mr. Klein, seconded by Mr. Evert, and carried unanimously, with Mr. Knutson abstaining, the summary notes of the meeting of March 18, 2009, were approved.

Mr. Evenson noted that there appeared to be some confusion -- at least in his mind -- with respect to the estimate of general fund cost savings that could be expected should the City and Village of Pewaukee ultimately consolidate. Accordingly, since the last meeting he had worked with the two municipal Administrators in reviewing and getting a better understanding of their hypothetical 2009 merger budget. He called attention to a handout made available at the meeting relative to this matter and reviewed the key elements of the handout with the Committee. He noted that while revenues and expenses in the general fund under the hypothetical merger would be reduced by nearly \$1.9 million, that does not translate to a \$1.9 million cost savings. There are, he said, intergovernmental fund transfers between the Village and the City for the purchase of services that complicate the analysis. Referring to the second page of the handout, Mr. Evenson noted that the estimated tax levy reductions under a merger -- given some minor adjustments to an earlier budget version -- would approximate \$1.1 million, which represents the sum of actual anticipated reductions in expenditures combined with the transfer of about \$409,000 in Village expenditures from the general fund budget to the water utility budget, thereby being consistent with how the City of Pewaukee handles hydrant rental charges. In the ensuing discussion on this matter, it was agreed that there was now a better understanding of the anticipated cost savings associated with the analysis of the general fund. It was also understood that the transfer of hydrant rental expenditures to the

Village water utility fund would be factored into the proposed study of sewer and water utilities in the Village and City.

Mr. Evenson then referred to a second handout made available at the meeting that presented an overview of the phased approach to the Pewaukee consolidation study. Mr. Evenson indicated that he had prepared this handout to give all parties concerned a better understanding of the process being followed. A stepwise approach to this matter had been envisioned some time ago when he, the two municipal Administrators, Mayor Klein, and then Village President Chuck Nichols, had met to initiate the present work effort. He called attention to the work that would be undertaken in the fourth and final phase involving the preparation of a detailed consolidation transition plan, a consolidation ordinance, and a consolidation "fact sheet." Before that work can get underway, however, additional building of a foundation for that work needs to be undertaken in Phase III, consisting of the consultant study proposals that are to be considered at this meeting.

Mr. Evenson then referred to a third handout made available at the meeting wherein he had worked with members of the consultant team and the two municipal administrators to address, to the extent possible, a series of questions posed by Mr. Hathaway on behalf of himself and others. In reviewing each of the questions and the responses set forth in the handout, Mr. Evenson noted that several of the issues raised by the questions will be addressed should Phase IV of the study be undertaken. Mr. Sanford observed that with respect to the question relating to the potential impact of consolidation on existing debt issues of both the City and the Village, that one of the items in proposed Phase IV of the study would be to obtain a formal written opinion from bond counsel confirming what initial discussions with counsel, as reported in the handout, have concluded. Mr. Hathaway expressed his appreciation for the effort made to address the questions he had transmitted. Mr. Evenson indicated that he would follow up on a suggestion by Mr. Hathaway that a procedure be established for accommodating questions from interested parties and sharing the responses to such questions. Mr. Evenson indicated that the best way to do that would be through a study website, and that he would commit to developing that website for the Committee should the Common Council and Village Board, upon recommendation of the Committee, undertake proposed Phase III of the study.

A lengthy discussion ensued relative to the three study proposals provided by the consultant team for Committee consideration: 1) seeking legislation to allow the creation of a consolidation taxing district; 2) sanitary sewer and water utility study, 3) preparation of a street utility district plan. Each of the three

proposals, which had been presented in advance to all Committee members, were briefly described by members of the consultant team and then discussed.

During the discussion, a strong consensus developed that it would be desirable to proceed with a third phase of the study so as to gain additional information -- particularly with respect to the potential fiscal impacts associated with the merging of sewer and water utilities of the two communities -- and to seek desirable State legislation that would provide a broad basis for the two communities to negotiate a consolidation proposal such that both groups of taxpayers fairly share the fiscal benefits anticipated with the consolidation. The additional information to be gained from the sewer/water study, the Committee believed, was essential to making an informed judgment as to whether any consolidation would be in the best interests of both parties. Moreover, the information to be developed in the sewer/water study would be useful even if a consolidation proposal did not move forward. The proposed legislation, the Committee further believed, would provide the best possible basis upon which to negotiate the terms of any consolidation proposal. Based upon that consensus, it was moved by Mr. Evert, seconded by Mr. Houck, and unanimously carried, to recommend to the Common Council and the Village Board that funding be made available to proceed with both the work effort attendant to the desirable State legislation and the sanitary sewer and water utility study, with the following understandings:

1. The cost of the sanitary sewer and water utility study would not exceed \$59,000.
2. The cost of the effort to seek special legislation would not exceed \$48,000.
3. The consultant team would report back to the Committee the results of its initial efforts attendant to the legislation with a view toward potentially terminating that effort prior to expenditure of all funds should the initial reaction be that, for whatever reasons, such legislation would be unlikely to be put in place.
4. That the cost of the additional work would be split evenly between the City and the Village.
5. That no request for additional funds would be made at this time to undertake the work effort to prepare the street utility district plan, but that such work--at the Committee's discretion--could be undertaken with remaining funds from the consolidation taxing district legislation work effort should an early determination be made to terminate that effort and should sufficient remaining funds be available.

Mr. Evenson indicated that he would, on behalf of the Committee, communicate this action formally to the Common Council and the Village Board as soon as possible.

Mr. Evenson then invited members of the general public in the audience to make any comments that they may have. Pewaukee resident and former Lt. Governor Margaret Farrow offered broad support for the work being undertaken by the Committee and indicated that she hoped the Common Council and Village Board would act positively on the Committee's recommendation. Mr. Ken Melin commented that it would be helpful if the rationale for the positions taken by the Committee on these complex issues were better articulated in the summary notes of the meeting. Mr. Evenson indicated that he would strive to work toward that end.

The meeting was adjourned at 8:37 p.m. with the understanding that the next meeting would be held at the call of the Chair.

Submitted by Philip C. Evenson

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