

## Summary Notes

Meeting of the Pewaukee Merger Advisory Committee

Wednesday, January 13, 2010

6:00 p.m., Pewaukee City Hall

### **Roll Call**

In attendance at the thirteenth 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 Roger Hathaway, 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 Christine Cramer from Ruckert & Mielke, Inc., and Lawrie Kobza from the Boardman Law Firm representing the consultant team assisting the Committee. Mr. Evenson commented that he had placed at each Committee member's desk, copies of the comments and questions made by Pewaukee citizens through the Pewaukee Merger Study website over the period December 18, 2009, through 9:00 a.m. on January 13, 2010. Mr. Evenson indicated that he also provided to Committee members copies of the responses he made to the questions raised during this period.

### **Summary Notes of Prior Meeting**

Mr. Evenson referred to the summary notes of the Advisory Committee's meeting of January 6, 2010. Mr. Swan suggested that the notes be amended on page three to insert the word "Merger" ahead of the phrase "Advisory Committee's recommendations" in the last sentence of the paragraph toward the bottom of the page labeled number one. With that amendment, on a motion by Mr. Houck, seconded by Mr. Evert, and carried unanimously, the summary notes of the meeting of January 6, 2010, were approved.

### **Further Consideration of Consolidated Community Budget for 2010**

Mr. Evenson recalled that at the last Committee meeting the members were presented with new information relative to the preparation of a consolidated Pewaukee community budget for the year 2010. That consolidated budget was prepared by the two municipal administrators and reviewed by Ms. Cramer. While there was substantial discussion at that meeting relative to the assumptions made by the administrators and underlying the consolidated community budget, and while there was substantial agreement that the two administrators had made sound, conservative assumptions in trying to anticipate what a new City Council might do upon a consolidation, this item had been placed on the agenda again

so that Committee members could reflect on the matter and raise any additional concerns or questions at this time.

Committee members raised no additional questions or concerns regarding the consolidated community budget for 2010. Mr. Evenson then indicated that the consolidated budget was, by consensus of the Committee, accepted for use in completing the Committee's work and preparing the final report to be submitted to the Village Board and Common Council.

### **Further Consideration of Consolidation Benefits and Payments**

Mr. Evenson indicated that all members of the Committee had received in advance of the meeting a draft report entitled "Consolidation Payment Plan". He then asked Ms. Cramer to brief the Committee and those in the audience on the findings and recommendations set forth in that document. With the aid of a Power Point presentation, Ms. Cramer then reviewed the ten major conclusions drawn from all of the work undertaken by the Merger Advisory Committee, indicating that the proposed draft consolidation payment plan includes the following:

1. A consolidation payment of about \$5.5 million from the Village utilities to the general fund of the consolidated City. These funds would be placed in a segregated account restricted to be used in future years for the retirement of existing debt. About \$1.75 million could be taken from this account in the first year after consolidation, with declining amounts in subsequent years, all with a view toward helping to blend the finances of the two municipalities together over a ten year period while meeting the objective of fairly sharing cost savings between the property taxpayers and ratepayers in both municipalities.
2. Creation of a street utility district to fund in the amount of about \$324,000 annually street related expenses within the current Village area that are over and above street related expenses incurred in the current City area. Such expenses relate primarily to the cost of a street lighting system and costs associated with a curb, gutter, and storm sewer street section, including costs associated with removing yard wastes from gutters.

Ms. Cramer then noted that implementation of the plan recommendations would be expected to yield fiscal benefits for both City and Village ratepayers and taxpayers through reductions in property taxes, utility rates, or both.

A lengthy discussion and question and answer session then ensued. Ms. Cramer noted that removal of the funds from the utilities would not have a significant adverse impact on future utility rates, indicating that the Village utility reserves substantially exceed reserve levels considered be the norm in the public utility industry. She also noted that the funds could be expended over a ten year period with declining amounts withdrawn, given that the funds would be limited only to retiring the existing general fund debt assumed by the consolidated municipality, a relatively small and declining amount.

The discussion also focused on the rationale for the creation of a special taxing district in the Village to fund a higher level of street-related services. It was pointed out that whereas street lighting and yard waste removal services presently are provided in the public sector by the Village, those same services are provided privately in the City with lighting and yard waste removal costs borne directly by property owners. If the higher level of street service is to be maintained in the Village area post-consolidation, it is only fair that those higher service costs be borne by those who directly benefit. Hence the need for a special taxing district.

At the conclusion of this lengthy discussion and question and answer session, Mr. Evenson commented that no action would be taken by the Committee on this proposal at this meeting. Rather, the Committee would present this proposal to the members of the Common Council and the Village Board, as well as the general public, at the meeting scheduled for 7:00 p.m., Wednesday, January 20, in the Pewaukee High School auditorium. The Committee would then reconvene the following day at 4:00 p.m. in the Pewaukee City Hall for the purpose of discussing the feedback on this proposal received the prior day. The Committee, he indicated, could take action at the January 21 meeting to forward a set of recommendations to its creating bodies for their consideration.

In response to a question by Mr. Swan, Mr. Evenson indicated that the Committee's work would not be done on January 21 should the Committee choose to act on the plan at that time. Rather, the Committee would continue to meet to produce what Mr. Sanford has referred to as the "playbook" attendant to the proposed consolidation. That document, he said, would address a number of issues that will need to be dealt with should this matter proceed. This would include consideration of the many decisions that will have to be made by a new City Council, providing any guidance and advice that the Committee may want to offer regarding those matters.

#### **Further Consideration of Draft Consolidation Ordinance**

Mr. Evenson indicated that all members of the Committee had received the latest draft of the proposed consolidation ordinance dated January 11, 2010. He then asked Ms. Kobza to brief the Committee

members on the proposed additional language to be included in the ordinance. Ms. Kobza then reviewed, in particular, the proposed ordinance language set forth in Sections 9 and 10 dealing, respectively, with the funding of a segregated debt service account and the creation of a utility to provide a higher level of street service in the former Village area.

During a lengthy discussion and question and answer period on these matters, it was agreed that a way needs to be found to insure that both the creation of the segregated debt reduction fund and the creation of a street utility district actually take place should the voters ultimately approve the consolidation under the proposed terms. Several alternatives to achieve that end were raised. There being no specific resolution of this matter emanating from the discussion, Mr. Evenson asked that Ms. Kobza confer with Mayor Klein, Village President Knutson, the municipal administrators, and citizen members Sanford and Houck to see if a way can be found in the ordinance language to provide the assurance, post-consolidation, that the plan recommendations attendant to the creation of the debt service fund and the street utility district indeed will happen. In addition, it was the consensus that the two municipal administrators would take appropriate steps to insure that their respective municipal attorneys, bond counsel, and/or auditors are given the chance to review and comment on the specific language placed in the consolidation ordinance.

#### **Report by Subcommittee on Public Education Materials**

Mr. Muehl reported that the Subcommittee had not met during the past week so that there was no further report to provide. Ms. LaBorde and Mr. Gosse indicated that they were working with the consultant team on a newsletter. The distribution of that newsletter via U.S. mail, however, raises funding problems that need to be addressed by each municipality. Ms. Cramer indicated that she had reviewed the draft newsletter. Mr. Muehl also indicated that the study website had been adjusted in accordance with the consultant's recommendations.

#### **Public Comment**

Mr. Evenson indicated that he would allow public comments throughout the entire meeting. Several members of the public made comments or asked for clarification of materials being discussed by the Committee.

#### **Next Meeting Date**

Mr. Evenson reminded everyone that the Committee will meet jointly with the Village Board and Common Council at 7:00 p.m. on the evening of January 20, 2010, at the auditorium of Pewaukee High

School. The Committee will also convene, he said, the following day, January 21, 2010, at 4:00 p.m. in the Council Chambers at the Pewaukee City Hall.

**Adjournment**

On a motion by Mr. Houck, and seconded by Mr. Knutson, the meeting was adjourned at 8:43 p.m.

Submitted by Philip C. Evenson

PCE/lgh  
01/14/10  
#149148 v2 - PewaukeeMergerAC10