



THESE ARE THE MINUTES OF THE **PUBLIC HEARING** HELD AT 7:45 P.M., TUESDAY, **NOVEMBER 19, 2019**, IN THE COUNCIL CHAMBERS OF BROOKFIELD CITY HALL, 2000 N. CALHOUN RD, BROOKFIELD, WI

MAYOR STEVEN V. PONTO PRESIDING

ALDERMAN PRESENT: Dan Sutton, Bill Carnell, Bob Reddin, Rick Owen, Ron Balzer, Edward “Buck” Jurken, Mark Nelson, Gary Mahkorn, Scott Berg, Christopher Blackburn, Jerry Mellone, Renee Lowerr, Brad Blumer

ALDERMAN EXCUSED: Jeff McCarthy

STAFF PRESENT: City Attorney Jenna Merten, City Clerk Kelly Michaels, Director of Community Development Dan Ertl, Director of Human Resources Jim Zwerlein, Director of Public Works Tom Grisa, and Director of Finance and Administration Robert Scott, Director of Parks & Recreation John Kelliher, Director of Library Services Edell Schaefer, Police Chief Dan Tushaus, Police Chief Charlie Myers

Mayor Ponto introduced the public hearing at 7:47 pm and read the hearing notice regarding the request of the City of Brookfield 2020 Budget.

Director of Finance and Administration Robert Scott stated the budget is dictated by State law and city policies. The budget process starts in June of each year. Typically the Finance Committee sets guidelines and parameters for budget development. During the summer months in July and August, the departments develop their budgets, and at that same time various boards, commissions and committees review them. Departments submit their final budget request to the Finance Department in late August. During August and September, the Finance Department reviews those budgets and consults with the Mayor who makes the final decision on recommending executive budgets to the Finance Committee for its review prior to submission to the Common Council for adoption. The executive budget was submitted to the Council for its consideration the end of September. The Finance Committee met on October 10 of this year and reviewed the budgets and recommended the budget onto the Council agenda without any changes to what was submitted. The budget that is in their packet for adoption has no changes from that was reviewed by the Finance Committee last month. With respect to the city’s budget it remains stable. There are expected public services provided at a reasonable cost which leads to desirability for residents and businesses. It was recognized this past year that Brookfield was the best city to live in Wisconsin per chamberofcommerce.org and most recently was recognized as the number eight city nationally by Wallet Hub in terms of a desirable place to live. That recognition and impact and interest we have in development for commercial enterprises shows indication of confidence in the city’s future and continues the city having the third-highest tax base in Wisconsin. That tax base and continued flexibility from the increase in new construction gives us flexibility with respect to the city’s budget and expenditure restraints that we have and limitations on us. In the long term, what we need to be mindful of future year budget challenges. We cannot expect the same level of new construction levels in the last number of years particularly given the economic cycles catch up with us. The economy doesn’t always go up. At some time in the future, we will have some sort of down turn. We will be facing other challenges just like other municipalities have been. He has colleagues in other municipalities where their budgets can barely grow by \$20,000. Mr. Scott stated tonight he will talk about major 2020 projects such as the opening of the Brookfield conference center and Fox River water pollution control Center improvements. Also there is new construction which makes a positive impact on the tax levy and expenditure restraint limits. The cost factors and staff changes affecting 2020 budget development. The department and programming initiatives will also be discussed among other budget financial impacts.

Mr. Scott stated the largest single city project since the Fox River Water Pollution Control Center expansion in 1996 through 1999 is the Brookfield Conference Center. The primary impact on the proposed budget is increased room tax collections and inclusion of debt service on 2019 bonds. It is a public-private partnership with North-Central Group (hotel developer/facility operator) and Visit Brookfield. The other major project for 2020 is the phosphorus removal all at the Fox River Water Pollution Control Center. It is to comply with state and federal mandates. This has an estimated total project cost of \$8.2 million shared with contract communities. The city's share is expected to be funded via clean water fund loan via the State of Wisconsin.

Mr. Scott stated new construction and budgetary limits are tied hand-in-hand. With respect to the budget, the 2019-21 state budget continued property tax levy limits which has been in effect since 2005. We will continue to work with the League of Wisconsin Municipalities and others to get some relief going forward. The new construction value growth will factor for 2020 budget is 1.46% which is the second highest over the past 20 years. With the new total new construction value since 2014 is over \$400 million which is good news. In the near term for our budget, it is good news, but in the long term, we go forward with caution.

Mr. Scott stated new construction plus inflation factor drives the expenditure restraint factor which is the limitation on how much we can grow our operating budget. The concern that we have for future years is if we project out and have nominal growth and expenses versus what we likely will have more average growth levels on value, we will have a gap within the next three years of over \$2 million between what we can raise legally in taxes and what it would cost to fund city operations. This will continue to be a conversation we have with the Finance Committee in the future as well.

Mr. Scott stated in regards to budget development factors, the Wisconsin retirement system contributions that the city makes on behalf of the employees, which is shared with the employee, the contribution rates are up 3% for general employees and about 7% for public safety employees. That rate is set by the state of Wisconsin and Employee Trust Fund Board and reflects increased benefit payments as well as the smoothing of investment losses that happened in 2018. On the positive side, employee health insurance costs continues to be better than predicted running at 90% of the expectations. That good experience and a new pharmacy benefit administrator and strong reserves lead to no change in premium equivalent charges to department budgets. Risk management costs are up 6% reflecting an increase in Workmen's Comp. experience rating factor, liability and property coverage costs. The increase in snow/ice control materials budget to reflect increased salt prices (budgeting average winter usage), a 23% increase over past two state contracts. Other factors considered in the budget as utility costs and for elections including a presidential primary and general election which is almost an increase of \$90,000 compared to the current year. We are expanding funding for maintenance of roads throughout the city to a tune of \$160,000. There is also nonrecurring expenditures for police and fire equipment purchases and city website accessibility initiatives-funded with general fund balance. The overall salary adjustments for budgetary purposes is 2%.

Mr. Scott further stated related projects including right-of-way for Calhoun Road acquisition and burying of electrical power lines in advance of the road widening is about \$1.5 million. Funding for sidewalks on North Avenue is about \$700,000. There is about \$4 million in the budget for water mains including \$1.6 million for replacement of older pipes. There is continued electrical upgrades and testing and there is a general rate case approved by the Public Service Commission in Fall 2019 effective for 2020. It is a 20% increase in revenues. For the Wastewater Utility, there is complete repairs and equipment replacement for primary clarifiers; previously mentioned phosphorus reduction

project. There is no change in sewer rates contemplated for 2020. Mr. Scott stated for public safety, the largest initiative is the expenditures for police school resource officers in the two high schools. 100% of the salary and benefit costs is funded by the school district. In addition, the continued focus on succession planning issues due to retirements and other turnover. There was a need to assimilate new staff and train staff promoted to new positions.

Mr. Scott stated in regards to quality of life, continued work for the Greenway Corridor trail sections and the Hidden Lake Park and trail projects should be completed next year. For the Library budget reflects a slight increase and stable materials budget, including shared electronic services as part of joint library system between Waukesha and Jefferson counties. Mosquito/deer control program is continued to be funded for 2020. In regards to Community Development, there'll be a continuation of elements of the comprehensive plan including the Bishops Woods TIA plan. Also execute Calhoun Road South neighborhood plan including ongoing development of the Corridor and Brookfield Square area (oversee completion of conference center and transition to operations). Further promotion of Village Area TIA and oversee relocation of historic Brookfield rail depot building.

Mr. Scott stated that the total 2020 city budget (exclusive of Brookfield Conference Center and interfund transfers) is \$95.8 million versus \$87.6 million in 2019, due to wastewater capital expenditures in full year of conference center debt service and the phosphorus reduction project. The General Fund budget is up 4.15% which is where the majority of the spending other than utilities come from. The city tax rate of \$5.42 which is a decrease of 4.04% from 2019 after considering the revaluation. The total tax rate including all jurisdictions is \$15.82.

Mr. Scott stated in regards to property tax impact, the city tax levy increase of 1.89% but the revaluation results and reduction and tax rate. The impact on a home with updated assessed value of \$365,000 is \$86 increase for city purposes, the net bill (within Elmbrook School District) is up approximately \$316, the school levy is up 4.8%, which directly relates to the increase in enrollment in the school district. It also reflects a shift from commercial value to residential values after the revaluation because the residential values are all cut up in one year. The commercial values have increased over 20% and residential values are up a total of 11% but the residential change is all occurring in the cycle. The average home paying approximately \$68 more in total taxes than six years ago or 1.24% (compared to CPI change of 10.4%).

Mr. Scott showed a graph of the property tax components. 85% belongs with the schools, 32% with the city, Waukesha County is 11% and WCTC is 2%. In regards to the city property tax components of the tax bill, operating costs for the general fund is the lion share, and debt service is down from 13%. He also showed graphs of revenues and expenses from all city expenses. It is consistent with recent years. There is a slight uptick on the revenue side.

Mr. Scott wished to thank the Finance department staff who worked very hard on this project as well as the departments and their staffs for putting together responsible budgets and submitting them for review and finally the Mayor and the Council for their ongoing support of good fiscal management in running the City of Brookfield.

Ald. Berg stated a couple years ago the City of Brookfield bond rating which affects the amount of interest we pay, was decreased by one notch from a AAA to a AA1. He asked if that had any effect on the budget. Mr. Scott replied the city's bond rating was changed in 2018 from AAA to AA1 from Moody's investor service. From conversation and information with the investors, underwriters, and

brokers it had no impact on the actual cost that they are bidding on our debt. In this interest rate environment there are very competitive bids for city bonds and are borrowing at a very low cost. Ald. Berg referred to road salt when we were trying to borrow salt from everywhere and eventually got some from St. Louis. This winter is unknown but it's off to a bad start. We need to come up with a few extra thousand dollars per road and where does that money come from. Mr. Scott replied that there is a contingency allocation which would be funded via the reserves in the bank which are healthy in comparison to the established policy.

There were no comments from the public.

Close Alderman Nelson moved to adjourn the hearing. Seconded by Alderman Reddin and carried unanimously. 8:07 pm