

Chilton, Wisconsin  
November 1, 2016

The regular meeting of the Chilton Common Council was called to order at 6:30 p.m. with Mayor Rick Jaeckels presiding in the council chambers at the Chilton City Hall.

**AGENDA POSTING:**

On 10/28/16, copies of the agenda were delivered to the Mayor, Aldermen, City Attorney, and City Department Heads, were made available to the media, and posted on the City Hall bulletin board and city web page.

**ROLL CALL: COMMON COUNCIL:**

Mayor Rick Jaeckels and seven members of the Council were present at roll call:

Council Member Mark Willems	Council Member Kevin Johnson
Council Member Clayton Thornber	Council Member Ron Gruett
Council Member Greg Kubichka	Council Member Kathy Schmitzer
Council Member Kurt Stephany	

Other city officials present were Director of Public Works Todd Schwarz, City Attorney Derek McDermott, Police Chief Craig Plehn and City Clerk Helen Schmidlkofer. Absent and excused Council Member Dan Hilton.

**General attendance:** Phillip Schultz, Horizon Development, Betty Schilling, Chilton Times Journal, Travis Boll, Street Department Leadman.

Those in attendance recited the Pledge of Allegiance.

Moved by Willems, seconded by Schmitzer and carried to approve the minutes of the council meeting held on 10/18/2016.

**REPORT OF OFFICERS:**

**MAYOR REPORT:**

- Mayor Jaeckels said he is still working on racing updates; Fair Board did send a letter to the racing association pending response.

**CITY CLERK REPORT:**

- ↻ Distributed information regarding future committee meeting dates and times; RDA and Plan Commission will host a joint meeting to be held at 4 PM on November 9<sup>th</sup>.
- ↻ Announced the notice of aldermanic district spring 2017 election dates and terms.
- ↻ The annual Chilton Chamber of Commerce Parade of Lights is set for December 3, 2016 starting at 5:00 PM.
- ↻ City hall holiday hours are listed for your reference on the clerk's memo.

**APPROVE FINANCIAL REPORT:**

Moved by Thornber, seconded by Stephany and carried to approve the November 1, 2016 financial report.

**APPROVE OPERATOR LICENSE APPLICATIONS:**

Moved by Thornber, seconded by Gruett to approve the two-year license applications to serve fermented malt beverages and intoxicating liquors from November 1, 2016 to June 30, 2018 for Brenda M. Buchholz and Kimberly R. Schlafke. Motion carried. Clerk Schmidlkofer noted the applicants have been approved by the Chilton Police Department.

**DIRECTOR OF PUBLIC WORKS REPORT:**

- Well No. 8 - updates for electrical and booster pumps. BID opening will take place at 2:00 PM on Nov. 29<sup>th</sup>.
- An employee from the Waste Water Treatment Plant is on medical leave.
- Sludge tanks are cleaned out and the Department replaced some valves.
- Street Department is busy picking up leaves.
- Parks are closed for the season.

Council member Thornber requested that the local newspaper place an article in the newspaper regarding leaves and grass in city streets, this is not allowed per municipal code. Thornber expressed that when leaves and grass are placed in the street this causes problems for the Street Department employees especially when it rains. DPW Schwarz stated that the Department has had problems with grass clippings all summer long. This also extends our work in the fall when we clean out catch basins. This year the Department is keeping a log for each day of when and where leaves are being picked up.

**AUDIENCE PARTICIPATION:** No comments

Mayor Jaeckels welcomed Philip Schultz of Horizon to the meeting. Philip noted that he is currently manager of the Milwaukee office and was involved in the Phase I project. Schultz stated that Horizon currently has 36 seniors on a waiting list for the affordable units and 19 people on the list for market rate units. This is one of the reasons that Horizon has been hoping to complete the Phase II project for many years now.

The Wisconsin Housing and Economic Development Authority (WHEDA) that allocates the tax credits have favored family housing for the last 6 years. Unfortunately, this year they are doing the same, which means a “5 point bonus” for projects with family housing. So for Horizon to pick up points we are once again requesting assistance from the City.

In our original scoring analysis, and pursuant to the financial incentives previously approved by the City, we scored 21 out of 30 possible points in this “credit per unit” category. There are two scoring thresholds higher than this, one being 25 out of 30 and one being 30 out of 30. The first option (25 out of 30) would allow the project to score an additional 4 points compared to where we are now and the second option 9 points more. Because we would be proposing to request fewer tax credits per unit to achieve this higher scoring, we would need additional funding. In summary:

- Increase project score by 4 points = \$100,000 additional gap in project
- Increase project score by 9 points = \$200,000 additional gap in project

Increasing the score by 4 points is good and increasing the score by 9 points is better. Because WHEDA’s scoring guidelines are brand new for this year, we unfortunately do not have a good benchmark for the award cut-off from the last cycle of projects. There is no way of knowing exactly what level of scoring will be successful or not successful. We do feel, however, from our experience and from scoring other projects internally at this time, that a higher score is recommended for Uptown II to improve its chances of award.

We have a great level of affordability in order to score the points necessary for WHEDA. We have to have units available for households that have relatively low income. The proposed project has five units to rent that are \$350/month, 1 bedroom units between \$555 and \$635, the 2-bedroom units between \$725 and \$745, large comfortable 2 bedroom units for \$800/month and then the market rate units in the building for a 1 bedroom is \$740/month and the 2 bedroom is \$920/month. The main thing is that we would be providing beautiful housing for seniors in the community. Horizon certainly does understand the economic strengths and would appreciate anything that the City could assist with moving forward.

The financial assistance is being requested in the form of a low interest loan, similar to the \$75,000 note that the City committed to previously. The additional \$200,000 would bring this total to \$275,000 and the note would remain a cash flow note, paying the City 2.25% or applicable federal rate, whichever is lower at the time of application in January 2017 (current rate as of 10/18/16 is 1.95%). The note would be paid back to the City of Chilton in a balloon payment following the 15-year tax credit compliance period. Accrued interest would be added to the principal balance of the loan and be repaid to the City at that time. A summary of the update and accrued interest as follows:

Previous Loan Commitment	\$75,000
Additional Loan Proposed for Scoring Enhancement	<u>\$200,000</u>
New Total Loan Proposed	\$275,000
Interest Rate (AFR)	1.95%
Annual Accrued Interest (not paid annually)	\$5,362.50

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Est. Cumulative Accrued Interest (Annual x 15 years)	\$80,438
New Total Loan Proposed	\$275,000
Estimated Cumulative Interest	<u>\$80,438</u>
Total Paid at Loan Maturity	\$355,438

Thornber questioned if Horizon would be open to the idea of family housing in the uptown or downtown areas. Schultz said that the proposed site is very tight and would not allow enough parking required for family units.

Schultz stated once again in summary the alternatives are:

1. City approves up to \$200,000 additional funding by increasing loan size to project. This provides flexibility to the project to request either 4 or 9 more points in the application process.
2. City approves \$100,000 additional funding by increasing loan size to project. This allows the project to request 4 more points in the application process.
3. City denies request for additional funding. Horizon is willing to continue with the application process if a cost share agreement is reached with City. For example, Horizon could pay for administrative and professional costs with assembling and submitting the application if City agrees to pay for the market study and application fees (cost estimated at \$10,000 for City portion). This represents a 50/50 cost share proposal.

Mayor Jaeckels noted that after reviewing the cash flow for TIF #4 with Ehlers the City could support \$150,000. Perhaps Horizon could support \$50,000.00 so that the application could score 9 points.

Audience members exited the council chambers.

**CLOSED SESSION:** Moved by Kubichka, seconded by Schmitzer to go into closed session at 6:57 PM under WI Statute 19.85 (1) (e) to invest public funds. Roll call vote.

Gruett – yes	Willems – yes	Kubichka – yes	Thornber – yes
Schmitzer – yes	Hilton – absent	Johnson – yes	Stephany - yes

Seven votes cast. Seven votes aye. Motion carried.

Discussed investing of public funds.

Moved by Thornber, seconded by Schmitzer to return to open session at 7:28 PM. Roll call vote.

Gruett – yes	Willems – yes	Kubichka – yes	Thornber – yes
Schmitzer – yes	Hilton – absent	Johnson – yes	Stephany - yes

Seven votes cast. Seven votes aye. Motion carried.

Schilling and Schultz entered the council chambers.

Moved by Stephany, seconded by Kubichka to approve an additional \$150,000.00 for Horizon Uptown Commons II Project to add this to the existing \$75,000.00 loan commitment to be re-paid in 15 years for a total of \$225,000.00 with Horizon being responsible for the additional \$50,000.00 to acquire the 9 points. Roll call vote.

Gruett – yes	Willems – yes	Kubichka – yes	Thornber – yes
Schmitzer – yes	Hilton – absent	Johnson – yes	Stephany - yes

Seven votes cast. Seven votes aye. Motion carried.

Mr. Schultz thanked the council and exited the council chambers.

**NEW BUSINESS:**

Moved by Kubichka, seconded by Thornber to approve CDBG Loan No. 16-06 for a Homestead Acquisition Loan of up to \$10,000.00 at 0% interest to be used for a matching down payment and closing costs on the purchase of a home. Roll call vote.

Gruett – yes	Willems – yes	Kubichka – yes	Thornber – yes
Schmitzer – yes	Hilton – absent	Johnson – yes	Stephany - yes

Seven votes cast. Seven votes aye. Motion carried.

**REPORT OF COMMITTEES:**

Chairman Schmitzer presented the minutes of the October 17, 2016 General Government committee meeting.

McClone Benefit Group provided two proposals for a third party administrator for the health reimbursement and flex spending.

	<u>Set-up fee</u>	<u>Monthly fee</u>	<u>Annual fee</u>
Benefit Advantage	\$800.00	\$7 per participant	\$1,547.00
EBC	\$750.00	\$9.50 per participant	\$2,688.50

Moved by Thornber, seconded by Johnson to accept the proposal from Benefit Advantage for an annual fee of \$1,547.00. Roll call vote.

Gruett – yes                      Willems – yes                      Kubichka – yes                      Thornber – yes  
 Schmitzer – yes                      Hilton – absent                      Johnson – yes                      Stephany - yes  
 Seven votes cast. Seven votes aye. Motion carried.

Schmitzer requested Clerk Schmidkofer to present the 2017 proposed budget in detail. Schmidkofer distributed a handout highlighting the following:

	<u>2016 Budget</u>	<u>2017 Budget</u>	<u>% or \$ Change</u>
Total Expenditures	\$2,653,228	\$2,717,103	2.41%
Total Revenues	\$1,453,008	\$1,496,851	3.02%
Tax Rate	\$5.53	\$5.53	\$0.00
Tax Levy	\$1,200,220	\$1,220,252	1.67%
Non-Lapsing Funds Applied	\$98,952	\$141,475	42.97%
General Fund Money Applied	-	\$25,000	

Net new construction increased 1.67% allowing the levy to increase by \$20,031.00 for all Departments in the 2017 budget. Line item by line item the proposed revenues were reviewed. Total revenues increased \$43,843.00 from 2016 to 2017.

The operating expenditures included non-lapsing funds to lower the budget. Council members requested more detail in the future regarding non-lapsing funds.

Attorney McDermott noted that according to the new accounting standards the City was required to move general fund money to non-lapsing accounts. The city cannot just build up a big general fund and not have the money earmarked. In general, if municipalities do not have non-lapsing funds they need to borrow for projects.

The contracted service for refuse and recycling did increase however; the revenues also increased resulting in no impact on the budget. The Police Department budget does include a 7<sup>th</sup> officer. The employees’ health insurance benefit changes for 2017 resulted in a decrease for each departments operating budget. The proposed wages are 3% increase for the Police Union 2.5% increase for Clerk/Treasurer, Director of Public Works, Police Chief and Police Captain. Discontinue meeting pay for salaried officials with attendance required at meetings as in the past. \$0.25 per hour increase - Deputy Clerk/Treasurer, Administrative Assistant to DPW Schwarz, Administrative Assistant to Police Department, leadmen, laborers and operators in street, water and sewer departments (\$525.00 for the year). A total of \$105,475.00 of non-lapsing funds is applied to the operating budget.

The proposed capital projects for 2017 are:

Bulky item pick-up, security lights, fencing and repair terraces for the library, tree trimming at Hobart and Klinkner Parks, improvements to the gated area at Morrissey Park. Crack sealing and pavement patching, sidewalk maintenance, catch basin repairs and cleaning, partial funds for a street sweeper, lawn mower and street construction. Fire hose, spike strips, tactical helmets, aim point sights, safety vests and partial funds for a squad car and election equipment. A total of \$36,000.00 of non-lapsing funds is applied to the capital budget.

To re-cap the operating reserve and capital non-lapsing funds applied by Department are

Public Works	\$46,000
Library	\$12,500

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Band	\$ 8,000
Parks	\$ 8,905
Police	\$10,000
Fire	\$20,000
City Clerk	<u>\$36,070</u>
Total	\$141,475

Additional guidelines for budget preparations include the City’s total assessment value increased by 4,055,700 from 2016 to 2017. The levy limit increase was 0% and the budget restraint is 1.9%.

Gruett questioned, “How does the City of Chilton compare in tax rate to the surrounding communities?”

Schmidlkofer replied, “The City of Chilton is approximately \$1.00 lower for the municipal tax rate due to earlier years the city did not use the maximum allowed for the levy limit. In fact, for the proposed budget the city is using the entire levy allowable except for \$0.33.”

DPW Schwarz stated the Department has always planned for the future with a schedule for street maintenance, street construction and equipment replacement. This schedule is outlined by the State according to the estimated life expectancy. For example if the life expectancy was 6-years, we are now up to 12 years. Due to the City not being able to raise taxes, the life of the equipment and streets is extended. Years ago, we had more employees in the Department of Public Works that included a mechanic. The mechanic was eliminated along with another laborer.

To stay within the budget limits and understand what all the other Departments are going thru the non-lapsing funds are applied to aid in replacing equipment and street projects. For the last 25 years the City has always prepared a 5-year plan however, when it comes down to final budget guidelines or restrictions, the council made adjustments and either eliminated or completely removed proposed equipment replacement, street construction or street maintenance. Just so that you have an idea what street work needs to be completed I prepared a detailed list for you. The city streets are rated on a road maintenance rating system established by the state called WISLR. Schwarz distributed the current street pavement-rating list for all the council members and then presented the following detailed costs regarding street maintenance and reconstruction.

**Street maintenance:**

<u>Street</u>	<u>Last Maintained</u>	<u>Today’s Estimated Costs</u>
MB Lane (Park to Madison)	1997	\$114,212.25
Court Street (State to Heimann)	1992	\$84,111.00
Court Street (Heimann to Kiesner)	1192	\$88,596.00
Calumet Street (Park to Chestnut)	1970	\$58,250.38
Diane Street	1981	\$187,892.75
State Road (Breed to termini)	1985	\$203,202.22

**Street reconstruction:**

<u>Street</u>	<u>Last Maintained</u>	<u>Today’s Estimated Cost</u>
Mill Street (Main to Grand)	1953	\$82,932.00
Walnut Street	1957	\$22,906.25
Webster Street	1973	total reconstruction

(Investigating vacation from Pennsylvania to Clay)

Grand total for maintenance and reconstruction is \$842,102.84.

The City does receive money from the state for local road aids, the connecting street aids help with maintaining the connecting limits (state roads) within the City. Schwarz noted several connecting roads within the city that need repairs.

Street signs are another mandate that needs to be addressed. Street signs are on the same post as the traffic stop sign and this needs to be changed to a separate post for the traffic sign. Another mandate is every 5 years the reflectiveness of signs needs to be tested and replaced if necessary.

Bottom line regarding non-lapsing accounts are intended for future projects and equipment. The funds in the Public Works Department if you wanted to, the City could empty all the non-lapsing

accounts and still not have enough for next year. So remember when you start pulling from non-lapsing to help with the budget, projects may be delayed and the non-lapsing accounts will not always be available.

Schwarz said, “There is a myth that when TIF #2 closes the city will have a big windfall of money coming in. That is not the case. I don’t know how we will get projects through the budget next year. If you look at your third quarter, financial statement, the parks are \$15,000.00 over drawn; if we have a lot of snow this year that budget could be over as well. The budget is set very tight and if you keep taking from the non-lapsing fund at some point those funds will not be available. So if you think that we can increase our operating now it is nearly impossible. When you have a total increase of \$20,000 for all the Departments to operate with for 2017 that is not much to work with. Where will the money come from the following years? I just want to make you all aware of what is going on.”

Discussion took place regarding previous year’s tax rate, levy limits, un-used levy limits and revenues. Brief analysis took place regarding assessment values and how economic development plays an important role to aid in growth and improvements within the city.

Schmidlkofer reminded the council members that the public hearing for the 2017 budget is 6:45 PM on November 15, 2016.

Schmitzer then asked if there were any questions regarding the budget.

Willems asked, “Was there was any thought to conduct a study of the Police Department before the city would hire a 7<sup>th</sup> officer.”

Stephany replied, “It is important to respect the wishes of the committee and it has already passed two committees. I do not think it is necessary to talk about it anymore. It would be disrespect to the committee.”

Schmitzer said, “If the crime stats warrant another officer we need to provide for the safety of the taxpayers. If hiring a seventh officer will achieve that goal then I am all for that. If this is a priority then we need to find the funds for the seventh officer.”

A frank and cordial exchange of views followed which resulted in Mayor Jaeckels requesting the council to move on.

Schilling, Schwarz, Plehn and Schmidlkofer exited the council chambers.

**CLOSED SESSION:**

Moved by Johnson, seconded by Gruett to go into closed session at 8:52 PM under WI Statute 19.85 (1) (c) to review 2017 wages for city employees and consider employment compensation of any employee over which the government body has jurisdiction or exercises responsibility.

Roll call vote.

Gruett – yes                      Willems – yes                      Kubichka – yes                      Thornber – yes  
 Schmitzer – yes                      Hilton – absent                      Johnson – yes                      Stephany - yes

Seven votes cast. Seven votes aye. Motion carried.

Discussed wages for city employees and consider employment compensation of any employee over which the government body has jurisdiction or exercises responsibility.

Moved by Kubichka, seconded by Schmitzer to return to open session at 9:50 PM. Roll call vote.

Gruett – yes                      Willems – yes                      Kubichka – yes                      Thornber – yes  
 Schmitzer – yes                      Hilton – absent                      Johnson – yes                      Stephany - yes

Seven votes cast. Seven votes aye. Motion carried.

Moved by Schmitzer, seconded by Kubichka to recommend wages as indicated:

<u>POSITION</u>	<u>How Paid</u>	<u>2017</u>
Mayor	year	\$ 5,000.00
Aldermen	meeting	\$ 45.00
City Attorney	hourly	\$ 160.00

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City Attorney	mo. retainer	\$ 300.00
Clerk/Treas. Admin Coord.	year	\$83,184.39
Deputy Clerk/Treasurer	hour	\$ 22.33
Election Official	hour	\$ 10.05
Board of Review	hour	\$ 8.00
Director of Public Wks.	year	\$81,986.29
Admin. Assist.- City	hour	\$ 18.15
Building/Plumbing Inspec.	month	\$19,000.00
Water Dept. Leadman	hour	\$ 26.13
Water Dept. Operator	hour	\$ 24.90
Sewer Dept. Leadman	hour	\$ 26.13
Sewer Dept. Operator	hour	\$ 20.63
Street Dept. Leadman	hour	\$ 26.13
Street Dept. Laborer	hour	\$ 24.24
Street Dept. Laborer	hour	\$ 24.24
Street Dept. Laborer	hour	\$ 19.09
Chief of Police	year	\$77,643.75
Captain	year	\$68,931.25
Admin. Assist. Police Dept.	hour	\$ 15.48
School Patrol	hour	\$ 12.00
Part Time Police Officer	hour	\$ 16.00
Part Time Patrol Officer	hour	\$ 19.00
Fire Chief	year	\$ 7,000.00
1st Assistant Fire Chief	yearly	\$ 2,750.00
2nd Assistant Fire Chief	yearly	\$ 2,500.00
Code Enforcement	yearly	\$ 590.00
FD Sec./Treasurer	yearly	\$ 945.00
Volunteer Firemen	Mtg./training	\$ 21.50
Fire Calls	hour	\$ 10.85
Emergency Mgt. Dir.	yearly	\$45.00/mtg.

and discontinue meeting pay for salaried employees. Meeting attendance as noted below:

	Clerk	DPW	Police Chief	Fire Chief
Council	*	*		
Plan Commission		*		
RDA	*	*		
General Gov't	*	*		
Public Safety	*		*	*
Public Works		*		
Culture & Recreation	*	*		

and attendance at other meetings as ordered by the mayor or committee chair.

Roll call vote.

Gruett – yes                      Willems – nay                      Kubichka – yes                      Thornber – yes  
 Schmitzer – yes                      Hilton – absent                      Johnson – nay                      Stephany - nay  
 Seven votes cast. Four votes aye. (Willems, Johnson, Stephany-nay) Motion carried.

**APPROVE PAYMENT OF BILLS:**

Moved by Schmitzer, seconded by Johnson to pay the bills. Voucher No. 79396 through Voucher No. 79440 or accounts payable and payrolls totaling \$98,894.86. Roll call vote.

Gruett – yes                      Willems – yes                      Kubichka – yes                      Thornber – yes  
 Schmitzer – yes                      Hilton – absent                      Johnson – yes                      Stephany - yes  
 Seven votes cast. Seven votes aye. Motion carried.

**ADJOURNMENT:**

Moved by Johnson, seconded by Kubichka and carried to adjourn at 9:58 p.m. on November 1, 2016.

Helen Schmidlkofer, MMC  
 City Clerk