

COMMITTEE OF THE WHOLE
Thursday, November 3, 2011
(Open Session)

Committee of the Whole met at City Hall on Thursday, November 3, 2011, at 6:30 p.m. at City Hall in the First Floor Council Chambers.

Present: Mayor Justin M. Nickels, Alderpersons Allan Schema, Collin Braunel, Jill Hennessey, Matt Kadow, James Brey, Scott McMeans and Christopher Able.

Absent: Alderpersons Jason Sladky, Dave Soeldner and Alex Olson.

Also present: Deputy City Clerk Deborah Neuser. Many department heads and city employees were in the audience.

Council President Able called the meeting to order at 6:30 p.m.

Chairman Able declared the meeting open for public input. In accordance with policy, the public input portion of the meeting is not made a part of the official record.

Chairman Able announced that this meeting was being held to report on and discuss the use of the General Fund, Fund balance and implications and possible solutions for current and future budgets.

Mayor announced that Moody's has lowered our bond rating two points from AA2 to A1 with a negative outlook and that this does not affect past borrowing. It was noted that we will need to change the way we do business or the rating will continue to come down. It will also be difficult to move from negative to stable. It is anticipated the process may take several years.

Per Alderperson McMeans, Chair of Finance, at the end of 2010, \$4,000,000 in undesignated reserves became designated and not eligible to be used in 2011. Mayor Nickels noted we are working on the distressed TIF's. Finance Director Scherer indicated that when the TIF's are straightened out, we should recover all but not all at once. The TIF process is similar to creating a TIF and will need to go through the Joint Review Board and Plan Commission.

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Acting Finance Director Tony Scherer announced that because of the Moody's rating, it no longer pays to refinance certain pieces of the issues. Baird removed those pieces and looked at combining the two issues into one taxable bond issue. By doing this, the City would save \$8,000 on the issuance costs relating to the bonds, but because the bonds are taxable, it is anticipated that the interest rate will be such that it will cost the City \$6,000 more in interest over the repayment of the bonds, thus netting the City a savings of \$2,000.

Mayor Nickels reported that he contacted our labor attorney and was advised that while Police and Fire have an existing contract, we cannot change their health insurance. This would wipe out over half of the \$796,000 savings opportunity.

Chair Able opened the meeting to new ideas for 2012 and beyond. Several ideas were discussed including reducing expenses, increasing taxes, selling assets, bond to cover deficits, default on bonds, selling assets, stormwater utility and reorganization.

Discussion followed regarding an election referendum to allow us to raise taxes. Moved by Able, second by Kadow, and unanimously carried to put a binding referendum on the April ballot for a tax increase to allow us to achieve our operational cost as projected in the long term plan for 2013. Ayes, 8. Nays, none.

It was noted that does not mean the Committee is in favor of a tax increase, but rather they just want to hear from the residents of the City of Manitowoc.

Aldersperson McMeans is asking for the value of the cemetery, zoo and transit as an operation to be used in future budget discussions.

Moved by Schema, second by Kadow to add an advisory stormwater utility referendum to cover the operational costs of the stormwater mandate. Discussion

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followed including recouping capital costs. Per Attorney Ruenzel there is legislation pending for no new fees or fee increases without a binding referendum. Ayes, 2.Nays, 6. Motion failed.

Moved by Alderperson Brey, second by Alderperson McMeans, and unanimously carried to instruct the City Engineering Department to come up with a plan for 2012 on creation of a stormwater utility based on the 2005 Model that was presented in 2005. Alderperson Brey states that he is not necessarily in favor of it but wants to see the numbers. Discussion followed. Dir. Public Works/Engineer/Parks & Recreation Valerie Mellon advised that they have a lot of those costs already and could put something together for Monday or Tuesday. Business Manager Mike Huck also stated that they also have comparables from other cities. Ayes, 8. Nays, none.

Other possibilities discussed were cutting services by two hours (or more) for Maritime Metro Transit. Mayor reported that assumed savings from Transit contract concessions were not realized. Also, possible sale of Citizen Park/Aquatic Center, Best Western property only, Senior Center and small parcels of land owned by the City (Deputy Planner will provide list).

There was a short discussion on the flower fund (perpetual care) for cemetery.

Discussion ensued on the debt burden and the need to address it and improve the reserve balances.

Alderperson Schema brought up the idea of possibly combining services with the City of Two Rivers and/or Manitowoc County.

Mike Huck inquired about the project to replace the dockwall being pulled out of the budget. Mayor explained it was pulled because of unknowns.

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Aldersperson Hennessey inquired about any possible savings in maintaining the City's 36 parks. Mayor stated the handling of Parks is being reorganized. Aldersperson Schema mentioned that Sheboygan has cut down on green space. Dir. Public Works/Engineer/Parks & Recreation Valerie Mellon indicated she is currently working on the possibility of closing some of the park buildings for winter and has looked at prairie plantings to lessen maintenance in certain areas.

A request was made by Aldersperson McMeans to have the Acting Finance Director list all the available reserves.

A short discussion took place regarding possible borrowing with a clear plan to repay the debt and only if we get a very good deal. It was noted we are freezing borrowing on streets and sidewalks.

Committee of the Whole adjourned at 8:30 p.m.

Aldersperson Christopher Able, Chairperson
Committee of the Whole

By: _____
Deborah A. Neuser
Deputy City Clerk

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