

SPECIAL CITY COUNCIL MEETING – BUDGET PUBLIC HEARING

MONDAY, NOVEMBER 17, 2014 – 5:00 PM

COUNCIL CHAMBERS, CITY HALL

Mayor Connors called the meeting to order at 5:02 p.m.

The Pledge of Allegiance was led by City Clerk Waswo.

Roll Call. Present: Mayor Connors, Aldermen Chappell, Wall, Kordus, Hill, Kehoe, Hedlund, Kupsik and Lyon. Also present: City Administrator Jordan, City Attorney Draper, Comptroller Pollitt and City Clerk Waswo.

Public hearing and Adoption of the 2015 Operating and Capital Budget for the City of Lake Geneva.

Administrator Jordan stated there were a couple changes since the budget was published in the paper. In speaking with the auditor, he made a couple recommendations. The first was moving the cemetery from the general property tax and putting it under the cemetery fund. The second was moving the equipment replacement fund from the general property tax into a separate category. There was also \$4,300 put into contingency. Mr. Jordan stated he is concerned about setting aside money for the equipment replacement and thinks money needs to be put aside for it now. At this time, there is \$135,000 in the fund. Mr. Jordan also stated the mill rate did not go up. Mayor Connors stated the cemetery funding had always been in the budget at \$150,000, it just is shown under a separate line item, which Mr. Jordan confirmed.

Public Hearing Comments

Terry O'Neill, 954 George Street, stated his concerns on the budget. He said that most important item is the TIF Fund. He commended Mayor Connors on his letter addressing the capital equipment problem and the steps taken towards a solution. He was also concerned with why the 2014 property tax 9 month actual number is listed at 1½ million dollars higher than the 12 month number at the end. Also stated his concerns with the projected room tax amount and believes the amount listed is optimistic as there has been a steady decline in room tax. He further stated he believes there is a decrease in people visiting and staying overnight in the city.

Kupsik/Kordus motion to close the public hearing. Unanimously carried.

Resolution 14-R44, a resolution approving and adopting the 2015 operating and capital budgets for the City of Lake Geneva

Comptroller Pollitt said the room tax item that Mr. O'Neill referenced did drop in 2013. When the Cove was taken over, the prior entity did not pay their last three quarters of room tax, which the city took a hit on, causing the \$20,000 drop. She stated she feels confident that we will finish the year at \$450,000. Mayor Connors noted we typically under budget and finish the year higher.

Ms. Pollitt commented on the other item Mr. O'Neill referenced about the 9 months being higher. She stated the 9 month figure is higher as the funds have not been segregated out of the general fund, which will be before the end of the year. These amounts are the debt service portion, \$90,000 to capital projects and the Library's portion.

Administrator Jordan stated the money generated for the Equipment Replacement Fund comes from the parking ticket increase, the beach pass increase, the increase in construction in the city and the re-evaluation.

Alderman Hill stated we had a shortage of roughly \$66,000 and through the budget workshops, staff was able to balance the budget by raising parking tickets from \$12 to \$20 and an administrative fee of \$3.00 per beach pass. We have since learned through the annual re-evaluation that our assessed value has gone up, which is what created the revenue of \$130,000 that we didn't know we had before, that is now going into the equipment replacement fund. Mr. Jordan stated the revenues that were increased came to \$115,000 and the assessed value if the difference between that and what we are showing.

Ms. Hill stated she has no problem with the \$3 beach passes. She believes the hike on the parking increase is a little severe. She stated the one thing she is really concerned about is that the budget includes a 1.5% raise for staff. She feels the staff works harder every year with less and by far is our biggest asset. She said the 1.5% does not cover the cost of living and would like to see a 2% increase for staff. She appreciates having a goal for self sufficiency regarding the equipment replacement fund; however, she doesn't believe it is realistic to fully fund a \$871,000 equipment replacement fund. She stated she would rather take care of our most important aspect, our employees, and increase the raise to 2% for staff.

Alderman Jordan stated the equipment replacement fund is not going to be funded immediately, but stated it could be close from the funds from the TIF 4, when it closes, and also when the property sells on Edwards Boulevard. He stated if council chooses to do the 2% raise for employees, the other half percent could come from the contingency.

Alderman Kehoe asked about other permits on the operating budget. Comptroller Pollitt stated those are special event permits, street use permits and banner permits, which has been budgeted at a lower amount with the discussion about the BID requesting waiver of those fees. Mr. Jordan stated all our fees are looked at in the beginning of the year for adjustments either up or down. Alderman Kehoe stated she is in favor of raising event permit fees to bring in revenue.

Alderman Chappell stated beach passes for our residents have always been complimentary and creating a new fee that will only generate \$24,000 is not the best avenue to generate revenue at this time. She understands increasing the fine for parking tickets as it is a fee that already exists, but she is not in favor of creating a whole new fee. She also stated she doesn't feel our residents are aware of the increase. Mayor Connor noted that the beach tag is a user fee and if a person doesn't use the beach, they do not pay anything. He stated page 27 of the budget shows the cost to operate the beach at almost \$150,000 between employees and the Water Safety Patrol.

Alderman Hill stated she doesn't believe a complimentary beach pass is a given right and would like to get creative in creating new fees. She stated the council has to find a way to balance the budget and would prefer to do it conservatively, but the beach is an expensive line item. Alderman Chappell stated she feels this fee is hurting moms with children and believes the beach is another public space, like our parks, that should remain free.

Alderman Kordus stated the beach is not free, as Ms. Hill pointed out, and there is a large budget that is paid for by the taxpayers. He stated the beach tag is not necessarily a user fee; it is a fee that is going to cover the cost of the beach tag and the cost to administer it. The city still is not making a profit off of the beach passes. Mr. Kordus stated we are not balancing the budget; we are just covering a small expense and passing it onto the people who are using it. The City gives out about 9,000 beach passes per year and we don't even have 8,000 residents in the city, which shows there is way more passes being issued than residents in the city. He stated it is only fair to pass the cost of printing the passes and administering the program onto those people who are using it, rather than adding an additional burden onto the taxpayers who are not using it. He stated he doesn't feel this is a consequential amount.

Ms. Chappell stated she is concerned that charging the residents \$3 for a beach tag was to balance the budget and feels this is nickel and diming our residents.

Administrator Jordan stated all other municipalities but one are charging an average of \$8 to \$10 dollars for beach tags. Alderman Kordus stated this was not a willy-nilly fee that was tossed out there to balance the budget. He stated they looked at different items and the cost to administer these items. He stated there are several other items that do not come into play this year that were not addressed, however, the beach was just one of those that was low hanging fruit.

Alderman Hill stated she is curious to see how the rest of the council feels about a 2% increase for our staff and if the monies are available. Ms. Pollitt stated the funds are available in contingency and that the budget was originally presented with a 2% raise, which was knocked down at the finance level to 1.5%. Ms. Hill noted this was lowered back when there was a \$66,000 shortfall, which Ms. Pollitt confirmed. Ms. Pollitt further stated the budget can still be passed today, as taking the funds from contingency and putting them into the department budgets is done through the general fund. She said at the council's direction, she can rework the numbers, which would leave approximately \$65,000 still in contingency. Mayor Connors stated council is still waiting on the compensation study and the increase can be changed at a later date.

Alderman Wall believes we have a pretty good budget and stated it is refreshing to see money set aside for the future.

Wall/Kordus motion to approve Resolution 14-R44. Alderman Wall stated the budget is something the taxpayers can live with as there is a zero percent increase and funds are being set aside for the future.

Roll Call: Wall, Kordus, Hill, Kehoe, Hedlund, Kupsik and Lyon voted "yes." Motion carried 7 to 1 with Alderman Chappell voting "no."

Resolution 14-R45, a resolution approving the 2014 tax levy for the City of Lake Geneva

Hill/Kehoe motion to approve. Administrator Jordan stated there was an additional number in the Linn Joint 4 School column, and it should read as \$1,265.28.

Hill/Kupsik motion an amendment to correct the Linn Joint 4 figure to \$1,265.28. Unanimously Carried.

Roll Call: Chappell, Wall, Kordus, Hill, Kehoe, Hedlund, Kupsik, and Lyon voted "yes." Unanimously approved.

Adjournment

Kordus/Wall motion to adjourn at 5:40 p.m. Unanimously carried.

/s/ Sabrina Waswo, City Clerk

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