

Item 23-1013 Resolution #10-R-23 Allocation of State Shared Revenue Aid

Finance Committee

Mon, Sep 11, 2023 5:30PM

Alderman Brad Firkus (District 3) 01:06

There are no public hearings or appearances tonight. So, we will move on to action items starting with 23-1013 resolution 10-R-23 allocation of state shared revenue aid.

Alderman Denise Fenton (District 6) 01:19

Move to deny.

Alderman Brad Firkus (District 3) 01:20

Okay, we have a motion to deny. Do we have—I didn't hear a second?

Alderman Katie Van Zeeland (District 5) 01:24

I'll second.

Alderman Brad Firkus (District 3) 01:26

All right, we do have a second. So, is there anyone that wishes to start? I guess, since Mayor Woodford looks like—I'm going to assume that you're here this evening for this item? Are you here just to answer questions, or do you have anything that you wish to say? **[Off microphone, Mayor Woodford indicated he was there to answer questions.]** Okay, so with that, then I will turn it over to any one of the authors or co-sponsors. All right, Alder Croatt.

Alderman Chris Croatt (District 14) 01:48

Thank you, chair. I was hoping that we would go in a little bit different direction with the motion. But I understand there might be some concerns. First of all, I just want to apologize for any confusion or misunderstanding with the—with this resolution as it relates to some of the wording. That was not the intent or the goal. The goal is very clear in the resolution, and that is to spend the new money that we're getting from the state of Wisconsin on specific needs, in particular infrastructure, and public safety, and reduce our borrowing for projects related to those two things.

Alderman Chris Croatt (District 14) 02:25

I was not at the Council meeting last week, but I did listen to it. And I actually listened to it a couple times—the mayor's outline of his goals for the budget and many of the costs that are going up that are impacting the budget in 2024. He outlined the shared revenue usage plan that he had in place, which mostly aligns with the goals of the resolution, but there's one specific difference that I see, and that's the usage of the money for compensation purposes.

Alderman Chris Croatt (District 14) 03:01

The challenge with using that money for compensation purposes is that it becomes an ongoing expense. And yes, that money is likely to be there year on year. But is—there is no guarantee of that. And that's the part that I think we have to be extremely careful of. Other than that, I think we are basically in alignment with using the money for infrastructure improvements, technology equipment, and public safety.

Aldersperson Chris Croatt (District 14) 03:27

There were two ways to approach this, and I happen to choose the approach of bringing it forward now, versus waiting for the budget to be released and then addressing any of the concerns that I had at that time. My hope with that was that we would be able to have some dialogue before the budget was released and came out and not have to do a bunch of work after it came out.

Aldersperson Chris Croatt (District 14) 03:52

So those are the goals of the resolution for me. I'm not going to speak for the others that signed on to it. But the main concern, I guess, that I have is the usage of the money for compensation-related challenges that are part of the budget, and then we'll be ongoing expenses, year after year.

Aldersperson Brad Firkus (District 3) 04:16

Ready. Alder Hartzheim.

Aldersperson Sheri Hartzheim (District 13) 04:21

Thank you, chair. I concur with what Alder Croatt mentioned as far as no ill intent meant with this particular resolution and trying to head things off at the pass before we get too far into the budget period. So, that was my intent as well as a sign on to this particular resolution. And the mayor has always made it very clear to us that it's important to him that we don't create new expenses that are going to continue to be ongoing, and I find it disconcerting that this—stating that in this resolution might become a bone of contention. I think that should be something that we've all sort of agreed is the important thing that we should do is make sure that an ongoing expense isn't counting on funds that may or may not be there.

Aldersperson Sheri Hartzheim (District 13) 05:18

I understand that we have a lot to count on from this shared revenue, new bill, but the fact that it is a new bill, the fact that it is brand new in the state of Wisconsin, is something that makes me feel that we should put a resolution like this in place this year so that we can make sure that we know what we're dealing with before we get into the next two years of this shared revenue. So, I would hope that the rest of the committee would reconsider denying this resolution so that we can talk about it further and be civil in our alignment of our goals as a city. Thanks.

Aldersperson Brad Firkus (District 3) 06:06

All right, anyone else? Alder Fenton.

Aldersperson Denise Fenton (District 6) 06:10

Thank you, Chair. Um, as has been said, with a number of resolutions that have become—that have come before the committee and the body, I don't believe this resolution is necessary. If I'm going to—if you'll grant me the liberty of reading from Act 12, it says "beginning with the distributions in 2024, each county and municipality shall receive in each year a payment from the supplemental county and municipal aid account to be used for law enforcement, fire protection, emergency medical services, emergency response communications, public works, courts, and transportation, except that no amounts received under this subsection may be—may be used for administrative services."

Aldersperson Denise Fenton (District 6) 06:55

So, we have Act 12 that specifically tells us what we can use this additional County Municipal Aid for. We also have, even in the resolution, the words about consultation, that there's a mutual understanding that the overall goals are in alignment with the goals of the mayor. We also heard what the mayor told us in Council last week.

So, I don't feel this is necessary. And I feel that it puts additional constraints providing the supplemental document when the budget is, I assume, as in the past very detailed.

Aldersperson Denise Fenton (District 6) 07:40

And with the manner of compensation, the areas that we're allowed to spend money on from this community and mun—County Municipal Aid, specifically states Police and Fire. And I may have a question to ask, but Police and Fire are represented employees, and their pay is subject to contract and negotiation. So, you know, having the funds or whatever—I don't know that we can say, you know, we can only use this bucket for whatever. I mean, bottom line, I just think this is a resolution that doesn't actually do anything we wouldn't do either by policy or by law anyway. And I'm not in favor of it. Thank you.

Aldersperson Brad Firkus (District 3) 08:30

Alder van Zeeland.

Aldersperson Katie Van Zeeland (District 5) 08:31

Thank you, chair. I agree with Alder Fenton. You know, I don't think that anybody disagrees with the spirit of this resolution, but I just found, you know, some of the wording to be kind of vague, you know, "to allocate the entire amount." You know, typically when we're talking about money, we're talking about exact amounts of money, and we're allocating that to specific needs. But we do that in the budget.

Aldersperson Katie Van Zeeland (District 5) 09:02

And with it being the 11th of September here, I just see this as something that we're going to do together. I appreciate the foresight from Alder Croatt and the other authors about wanting to get out ahead of it, but since everyone is seems to be in agreement, including Mayor Woodford, I just don't see any reason to move forward with it. Thank you.

Aldersperson Brad Firkus (District 3) 09:27

Alder Hartzheim, then Alder Croatt, I have you next.

Aldersperson Chris Croatt (District 14) 09:30

Thanks.

Aldersperson Sheri Hartzheim (District 13) 09:31

Thank you, Chair. I do think that an important piece of this resolution is that additional information that the mayor is being asked to provide to us. Granted I'm sure that he is highly likely to do so but I think that that is very important in particular in this first year and that is why I wanted to see that particular piece included in the resolution, and I think that that makes this resolution important. Yes, we are affirming what we seem to all mutually agree, but it's important, I believe, to put all of these things in writing and make sure that we're all clear on what our expectations are, again, because this is the first year that this is being done. And I think that that makes it all the more important.

Aldersperson Sheri Hartzheim (District 13) 10:14

I don't see that this should be an annual hey, let's continue to make this resolution happen every year budget time, but because this is all brand new to all of us, I think it's important that we state our expectations and follow them. Thank you.

Aldersperson Brad Firkus (District 3) 10:29

Thank you. Mayor Woodford, microphone number, please. Go ahead.

Mayor Jake Woodford 10:37

Thank you, Chair. I'd just like to share some context because it's been now publicly represented a few times that I'm in alignment with the approach of this resolution. And I just would like to clarify that point, if I may. I met with Alders Doran and Croatt on July 25 to discuss the concept of this resolution. And during that meeting, I described where we were in the budget process, how things were looking as we neared a preliminary roll up. We then discussed, outlined, and as detailed as I provided at Council last week, or have about as detailed, my provisional recommendations for the new shared revenue funds.

Mayor Jake Woodford 11:25

During the course of that conversation, we did not discuss the matter of debt. And so, I do want to make clear that what's represented here in the in the resolution as an alignment is not accurate in that we did not discuss the subject of debt, and I would not advocate for such an approach, and I will not be recommending such an approach in the executive budget. And the reason I will not be ad—advocating for that approach is because I think what the resolution is arguing for is a status quo rate of replacement on our infrastructure. And I believe that's a mistake.

Mayor Jake Woodford 12:02

I think we need to actually accelerate our rate of replacement of infrastructure, which is why I'll be recommending that we allocate 50% of the new money to—which is about \$960,000—allocating that half of that new money directly to infrastructure replacement, which would be in addition to the existing capital plan meeting. It'll allow us to get to more projects quicker on the infrastructure replacement front. We've been talking about this for years now. It's been a perennial subject during budget conversations. And I think it's a mistake to maintain the status quo when it comes to infrastructure replacement, which is the basis for that recommendation.

Mayor Jake Woodford 12:43

But I do want to be clear that while we're generally in alignment on the subject of the law, which tells us how we're supposed to spend this money, I do not agree with the approach that's being ad—advocated for by this resolution. I just want to make that clear, because I've heard it stated that there's been consultation and alignment, and I just for the record, want to note that that's not entirely accurate.

Aldersperson Brad Firkus (District 3) 13:10

All right, thank you. I had Alder Croatt next and then Alder Van Zeeland, [I'll quote you.]

Aldersperson Chris Croatt (District 14) 13:15

Thank you, Chair. And thank you, Mayor Woodford, for that. And I completely agree with you. We did not talk about debt. I acknowledge that. I know we borrow for a lot of these projects. So, the intent and the—behind that is, I'm definitely not in favor of status quo. And I wouldn't advocate for that. That was not the intent of saying let's not—let's use, reduce our debt. I want to continue to invest in infrastructure. So, I just want to make that clear. I'm not in favor of status quo on that.

Aldersperson Chris Croatt (District 14) 13:51

I appreciated our conversation, and I left there questioning myself on whether or not a resolution was necessary based on what we talked about. You know, I understand we are not in perfect alignment with everything, but we are—because of the rules that the state has put down with this, we are in alignment and up with how we have to use it. And I guess that's what I meant by being in alignment, other than the compensation piece, which we did talk about as well.

Aldersperson Chris Croatt (District 14) 14:22

But I just want to make sure everyone's clear that I'm not in favor of a status quo budget on infrastructure, because I think we do need to invest more than we have been investing. We've been kicking this down the road for years. So, whatever—whatever outcome comes from this, I hope that the discussion had value, and that we end up with a budget that invests in infrastructure, invests in public safety, and takes care of our employees.

Aldersperson Brad Firkus (District 3) 14:50

Thank you. Alder Van Zeeland.

Aldersperson Katie Van Zeeland (District 5) 14:51

Thank you, chair. I'll just add to that. Some of the wording of this resolution, as I said, is rather vague. And so, when I read this, I actually read it a little bit differently, which is why I think that scrapping it as opposed to trying to fix it is a better way to go. I did want to ask Director Ohman, if the budget—I know you're currently working on the budget. But does the budget have documentation regarding where the shared revenue is intended to go? Is it clearly stated in the budget?

Director Jeri Ohman (Finance) 15:32

We don't have anything in there yet. However, in the beginning of the budget book, there is a section where the mayor goes through different points about the budget, and I'm thinking we could probably add something in that section that outlines "here's the new shared revenue that we received; here's some of the expenses that are tied to that."

Director Jeri Ohman (Finance) 15:55

If you don't mind, if I could just add a couple other comments to this. The new shared revenue does come with maintenance of effort requirements, and that relates to Police and Fire. And those requirements, there's different items we can choose from to show that maintenance of effort, but it all goes towards operating costs. It does not go towards capital projects for public safety. So, something to keep in mind is, if we—if we're using this new shared revenue for capital projects and reducing debt, that possibly may take away from other funding within Police and Fire, because we have to maintain the operating costs.

Mayor Jake Woodford 16:42

And just in terms of documentation of expenses, in addition to the transmittal memo, which I will be including—in which I will be including a detailed overview of the new supplemental revenue and how it's being spent, Department of Revenue is in the administrative rulemaking process as we speak. And one of the issues that they're working on is how they will—how municipalities will certify that the new funds are being spent in the way that was directed by the legislature. So that's a—that's a rulemaking process that's underway now. And when we have greater clarity from DOR about what that reporting will look like, we will of course, be in compliance with that. We will make sure we're in compliance with that. So, in addition to the transmittal memo, we'll be required in some way to certify that the new funding is being used in the way it's legally required.

Aldersperson Katie Van Zeeland (District 5) 17:39

Thank you. That's what I was hoping to hear. I—you know, I assume when we're directed by the state to do something that will have documentation of what we've done with those funds. I did have one other question, and after the mayor spoke, I forgot. So, if you'll just give me a second. I was going to—oh, I just wanted to add that, again, this is where I start to see us going through the budget process. You know, we shouldn't be doing that right now. We should—we have a budget process for a reason. All of these things are linking and working

together. And it just seems odd to do this three weeks ahead of time when we'll all be working together to actually make the budget. Thank you.

Aldersperson Brad Firkus (District 3) 18:28
Attorney Behrens.

Attorney Christopher Behrens 18:31

It's a good opportunity for me just to weigh in a little bit, not so much on the context. It may have just been semantics and how this was written. But one thing that I did when I was reviewing this that caught my attention was the Council "directing the mayor". And we have to keep in mind, executive branch, legislative branch; that could become problematic. And if this passes, so be it, but that doesn't necessarily mean that the mayor has to follow it because of that, that separation. And, as I read it, my assumption is the intent was more—based on some of the whereases—more of a cooperative. But just wanted to point that out.

Attorney Christopher Behrens 19:12

So, Aldersperson Van Zeeland, to your point about the process also, the mayor will submit a budget to the Council, whatever that looks like. And then it's ultimately up to the Council to do what it wants with that budget. I understand the intent of the resolution was just to try to maybe focus some of that a little bit and cut down on some of the work that will have to be done later, but as long as you brought it up, I thought I'd take the opportunity to make the point also. So, thanks.

Aldersperson Katie Van Zeeland (District 5) 19:42

That actually—one of the reasons I decided to send this to legal services was because of questions like that. You know, I know that the mayor can't tell us to do something. So, thank you for clarifying that. I really appreciate it.

Aldersperson Brad Firkus (District 3) 19:58

All right. I guess I have a couple of questions for staff. At this point in the budget process, do we have any capital improvement projects identified that would be under the Public Safety umbrella?

Director Jeri Ohman (Finance) 20:15

Trying to recall what we have. I believe there was discussion about a fire truck, but I believe we are handling that separately, and those expenses won't come through until 2026 so that's not included in this one. The Axon contract renewal is due, and that would be a part of this budget as well. There is a component of that that is equipment. I can't think of anything else though.

Aldersperson Brad Firkus (District 3) 21:02

All right. So, there is at least something. But it doesn't sound like—if we're talking about a resolution saying it must go towards projects within that sphere, we're not talking about a particularly robust part of the Capital Improvement Project. Is that a fair characteriza—excuse me characterization.

Mayor Jake Woodford 21:19

I would just I would just remind the committee that in the out years of the CIP, we do call for replacement of fire station 4 but that that is a larger conversation as we look at escalations of cost, and managing the overall debt of the city. So, we'll have to talk more about that as we get into budget process. But that would be the other major capital expense from a public safety perspective.

Alderman Brad Firkus (District 3) 21:48

All right, thank you. Just—I asked this just because with the language in this resolution being more specific that has to go towards projects, I would want to have a better grasp on what the project landscape looks like going into this budget year before making such a definitive decision at this point. Is there anyone else? Alderman Croatt?

Alderman Chris Croatt (District 14) 22:09

Thank you, Chair. Not sure it's gonna matter at all, but just to put some better detail to the resolution, in the second, whereas portion, striking "nearly 2 million" and replacing with "\$1,926,000" would be more specific to the actual additional allocation? I believe \$1,926,000 is the correct figure. Again, not that it's going to matter I don't think, but just to make sure that it's got the correct level of detail.

Alderman Brad Firkus (District 3) 22:49

All right. Is there...?

Alderman Chris Croatt (District 14) 22:52

So that was a motion to amend.

Alderman Brad Firkus (District 3) 22:53

Okay, so we have a motion. Is there a second? I guess I'll second. So, we have a motion and a second to amend that second Whereas to give the more precise dollar amount, which is the 1 point—\$1,926,000. So, the motion and the second. I don't—is there any discussion on this? Is there any—anyone have any concerns one way or the other? Otherwise, we can go ahead and we can vote on this amendment?

Alderman Katie Van Zeeland (District 5) 23:21

I think this is germane...?

Alderman Brad Firkus (District 3) 23:23

Sure. I have a feeling I know what you're doing. But go ahead.

Alderman Katie Van Zeeland (District 5) 23:26

Then if we're looking at amending it in that fashion, then I guess I would also like to see that in the area where it says "the entire amount of additional new state aid", you know, that's where I'd like to see that number as well, and also, I guess, to take out "direct the mayor", per advice of legal services.

Alderman Brad Firkus (District 3) 23:53

All right, we do have one amendment on here. So, this would be—are you proposing an amendment to the amendment to include this language? Or would you like to just take these one at a time?

Alderman Katie Van Zeeland (District 5) 24:05

We'll take them one at a time.

Alderman Brad Firkus (District 3) 24:06

Okay, so well, we'll get through this item first, and then if you want to make that motion, feel free to. So, seeing, no other questions or comments on this, we will vote on the amendment to change the dollar amount stated in the resolution to the \$1,926,000. All those in favor? Aye. Opposed

Alderman Denise Fenton (District 6) 24:26

Nay.

Aldersperson Brad Firkus (District 3) 24:27

Abstentions? All right, that motion passes four to one. So as amended....

Aldersperson Katie Van Zeeland (District 5) 24:36

So, if I could just move to amend to remove "direct to the mayor". I guess it looks like that's in two different locations in the "now therefore be it resolved." You know, I actually I'm not going to mess with that. Let's just see if we can just change the part where it says "the entire amount of additional new state aid", we could just change that. To the \$1.926 million please.

Aldersperson Brad Firkus (District 3) 25:05

Alright, so motion.

Aldersperson Chris Croatt (District 14) 25:07

Second.

Aldersperson Brad Firkus (District 3) 25:08

All right, we have a second So, Attorney Behrens, you got that?

Attorney Christopher Behrens 25:14

Working on it.

Aldersperson Brad Firkus (District 3) 25:15

Okay, I can give you a moment so you can get that in if you like.

Aldersperson Brad Firkus (District 3) 25:25

Alright, so this amendment is to just state the dollar amount in that there—in the therefore be it resolved. Just to make that clear. Are there any comments or questions on this amendment? All right. Seeing none, then let's go ahead and vote. All those in favor? Aye. Opposed?

Aldersperson Denise Fenton (District 6) 25:49

Nay.

Aldersperson Brad Firkus (District 3) 25:50

Abstentions? Motion passes four to one. So, it is now amended with the exact dollar amount both in the whereas clause and in the therefore be it resolved. So, is there any further comment or questions on the item as amended? Alder Fenton?

Aldersperson Denise Fenton (District 6) 26:08

I just reiterate my view, and as I wrote to my constituents today that I believe this resolution, if passed would accomplish nothing that's not already done in Act 12 and in the budget that Common Council will receive and which we can amend if that is the will of the Council. So, I believe that the time for making decisions about the expenditures in the budget is during the budget so I will not be voting for this resolution. Thank you.

Aldersperson Brad Firkus (District 3) 26:41

Thank you. Anyone else? All right, seeing none we have a motion for denial with the item as amendment—amended. All in favor of the denial, aye. Opposed?

Aldersperson Chris Croatt (District 14) 26:48
Nay.

Aldersperson Brad Firkus (District 3) 26:57
Abstentions? The denial passes three to two. That means this item will go to—sorry, Attorney Behrens, go ahead.

Attorney Christopher Behrens 27:04
Could you record who was a yay.

Aldersperson Brad Firkus (District 3) 27:07
The ayes were Alder Fenton, myself, and Alder van Zeeland. The nays for the denial were Alder Hartzheim and Alder Croatt.