In Attendance:

Mayor Steve Bierce, Aldermen C. Brown, I. Clark, R. Reinbold, and J. Wamser. Absent and Excused: B. Dziwulski and P. Vetterkind.

Also in Attendance:

Attorney S. Riffle, Administrator S. Klein, DPW Director M. Wagner, Utility Manager J. Mueller, City Planner & Community Development Director N. Fuchs, and Clerk/Treasurer K. Tarczewski.

1. Call to Order and Pledge of Allegiance

   Mayor Bierce called the meeting to order at 6:30 p.m. and asked everyone to stand for the Pledge of Allegiance.

2. Public Comment - None.

3. Consent Agenda
   3.1. Approval of Common Council Meeting Minutes Dated June 6, 2022
   3.2. Approve Accounts Payable Listing Dated July 18, 2022

   Ms. Brown asked that Item #3.1 be removed for discussion.

   A motion was made and seconded (I. Clark, J. Wamser) to approve Item #3.2. Motion Passed: 4-For, 0-Agaisnt.

   3.1. Approval of Common Council Meeting Minutes Dated June 6, 2022

   Ms. Brown noted that on Page 5 under Item #10 it stated North Road and should be Northview Road.

   A motion was made and seconded (C. Brown, J. Wamser) to direct the Clerk to correct the street name under Item #10 and approve the minutes. Motion Passed: 4-For, 0-Against.

13. **PUBLIC HEARING**, Discussion and Possible Action Regarding the Conditional Use Permit for Ryan Leibfried for Property Located at N29 W27529 Peninsula Drive (PWC 0933-024) for the Purpose of Constructing a New Boat House Structure.

    Mr. Fuchs noted the Conditional Use proposal is for a 360 square foot boat house that was on the June 6th, 2022 Common Council agenda. He said several neighbors spoke up regarding their concerns with the view from their homes and the house being used for short-term rentals. Mr. Fuchs spoke with the applicant, and he said it would not be used for short term rentals and he would put on a flat roof to reduce the height from 17 feet to 11 feet. Mayor Bierce asked if the Conditional Use Permit could state "not to be used as a rental property". Mr. Fuchs stated the house can legally be used as a short-term rental. Attorney Riffle noted you can say there will be no residential use of the boat house, but you cannot say the house will not be used for short term rentals.

    A brief discussion took place regarding the lot size.

Mayor Bierce opened the public hearing.

Ryan Leibfried (N29W27529 Peninsula Drive) noted he was the owner of the property. He said from July 2021 to January 2022 he was temporarily relocated for his job and did rent it out on VRBO and Airbnb. He stated he moved back in February and the listing is not active on VRBO or Airbnb and he does not intend to rent it again. Mr. Leibfried shared additional pictures of the property showing the location of the boat house. He noted this is not a party house and the shed is purely to store lake items.

Roger Heinichen (N28W27535 Peninsula Drive) said he objects to the project. He noted it's a 30-foot-wide lot and a 25-foot-wide building. He said a bar would only encourage partying and noise. And if it is a shed, it should be at least 75 feet off the water line.

Mayor Bierce closed the public hearing.

Mayor Bierce asked about the size of boathouses on the lake and what the recommended size was. Mr. Fuchs noted the initial draft shows 800 square feet, and the revision will be a maximum of 600 square feet. Mayor Bierce stated there are beautiful boat houses all around the lake and felt it's unfair to limit people moving forward due to what has been done over the last 50 years.

Ms. Brown feels it is common to approve things unless a neighbor comes in to complain. She noted this went through Plan Commission without a problem. Ms. Brown noted the issue going forward is, what is a boathouse. She said there are boat houses on the lake that do not store boats in them. She felt these were storage sheds, party rooms, places to eat and more of a convenience type house.

Discussion took place regarding wet boat houses and the definition of boat house.

Mr. Reinbold stated there is a bar in the design plans and feels this is not a boathouse, it's a shed or outbuilding. He noted several people have contacted him about their concern.

Mr. Clark noted the state definition of watercraft is any device used or designed for navigation on water. And if he can fit a kayak or canoe which are watercraft, technically it can be a boathouse and he satisfies every other standard.

Ms. Brown asked if it could be moved back and closer to his house. Mr. Leibfried noted it meets the setback. Mayor Bierce stated the farther it is pushed back from the lake the less likely it would be an actual boathouse.

Mr. Reinbold asked what the setback is for a shed. Mr. Fuchs noted there is a 75-foot setback from the ordinary high-water mark and flood plain. Mr. Reinbold stated if the boat house is moved back 25 feet, he would still be within 50 feet of the lake. Then it would be behind the tree line, and clear for the neighbors looking out.

Attorney Riffle stated the Law of Conditional Use says you listen to the information that is considered here and now. And if you have heard anything outside of this hearing or have done your own personal investigation, it is not relevant. He said to apply the law as to how it relates to what is a boat house and to what the allowable set back is.

Mayor Bierce asked if there was a way to remedy it if it doesn't go their way. Attorney Riffle stated it could go to circuit court.

Mr. Clark asked if the council would still have discretion if everything meets statutory requirements. Attorney Riffle stated health, safety and welfare may be considered.

Mr. Wamser stated whether it's a boathouse or shed it is up to each individual.

A motion was made and seconded (I. Clark, C. Brown) to approve the Conditional Use Permit for Mr. Leibfried. Motion Passed: 2-For, 2-Against (R. Reinbold, J. Wamser). Mayor Bierce broke the tie and voted in favor of the Conditional Use Permit.

16. Discussion and Possible Action Regarding Submittal of a Conditional Letter of Map Revision (CLOMR) Application for Properties Located at the Northeast Corner of Lindsay Road and Redford Boulevard and Consideration of Dedicating a 2-acre City Owned Property for Flood Storage Use

Mr. Fuchs noted the owner is requesting the City sign an application that will be sent to FEMA. He said they are also requesting to utilize a two-acre City-owned property to use as flood storage. He noted Common Council should weigh in and approve before it is submitted to FEMA. Mr. Fuchs stated it will allow for a 2:1 mitigation. He said the intent is for an industrial building to go up. He recommended a motion to allow staff to sign the application to submit to FEMA and to allow these two acres to be used as flood storage. He noted there is no ownership change but would be used in part for development on the property.

Ms. Brown asked what the benefit would be. Mr. Fuchs reiterated the City would retain ownership. He said the City would agree to allow for flood storage. He noted it is currently wetland and floodplain and would help mitigate the floodplain to allow the development to move forward.

Further discussion took place regarding the benefit to the City.

A motion was made and seconded (I. Clark, J. Wamser) to approve the Conditional Letter of Map Revision (CLOMR) application and dedicating a two-acre City owned property for flood storage. Motion Passed: 4-For, 0-Against.

4. Presentation of the 2021 Financial Audit by Paul Frantz - Baker Tilly

A motion was made and seconded (I. Clark, C. Brown) to take a brief three-minute recess. Motion Passed: 4-For, 0-Against.

Paul Frantz, a partner with Baker Tilly was present.

Mr. Frantz noted a clean bill of health was issued. He said all necessary disclosures were made and all accounting principles have been adopted consistently year after year. Mr. Frantz noted the general fund had $17.2 million in revenue and $16.1 million in expenditures. He said $1.2 million was added to the fund balance and ended the year just over $7.1 million in fund balance in the general fund. He noted $6.9 million of the fund balance is unassigned. Mr. Frantz said the City is at a 41% fund balance to budget ratio and noted the City is in a healthy position

Mr. Franz noted Water and Sewer show positive rates are functioning. He said Water has $240,000 in cash available and Sewer has $14 million. He noted Water owes Sewer $7.4 million from when utilities were separated in 2015. Mr. Franz stated the City does have the ability to borrow 5 percent of equalized value which equals $167 million dollars available for borrowing.

Mayor Bierce asked if the borrowing would repay the $7.4 million owed to sewer, and if not, when would it get repaid. Ms. Wagner stated it would not repay that debt and noted the City is in the process of creating a financial plan with a payment schedule for that debt. Mr. Clark asked if the debt was being serviced. Ms. Wagner stated the City was not aware of the debt until the split. As part of the financial plan for utilities, the City is working on a payment schedule and possible loan forgiveness. She noted it will come before Common Council for discussion.

Mayor Bierce asked who sets the rates. Mr. Franz stated the PSC sets the water rates and the City sets the sewer rates. Mayor Bierce asked if communities try to have higher rates to bank money for future projects. A brief discussion took place regarding PSC regulating the rate of return. Mayor Bierce asked about redoing rates every year. Ms. Wagner stated the City is looking at every other year and a full rate case every five years.

Mr. Wamser asked where the Water Utility is on its fund or if the City assesses when there is a project. Ms. Wagner noted it is its own fund. Mr. Franz stated there is $1.5 million in fund balance.

Ms. Brown asked how the City of Pewaukee compares to other communities our size. Mr. Franz stated the City of Pewaukee does not have a lot of debt for a community this size.

Mr. Franz noted there are two material weaknesses which are consistent with an entity of the City's size. One is having a CPA specialized in government accounting which is not unusual. The other being lack of segregation of duties, and he noted there is no benefit to hire more people though.

Mr. Franz stated he would continue to work with management on upcoming GASB relating to leases for the next audit cycle. He noted it is a privilege to work with the City.

5. Presentation Related to Proposed Borrowing of $11,205,000 General Obligation Promissory Notes, Series 2022A and $27,745,000 General Obligation Corporate Purpose Bonds, Series 2022B

Jonathan Schatz stated the City's current level of debt it listed as credit positive with Moody's. He noted that most Cities take a lot of debt out due to levy limits. Mayor Bierce asked what the City's rating limit is and what would happen after the borrowing. Mr. Schatz stated the current rating is Aa-1 and noted there is a lot to consider with the borrowing. He felt taking on that level of debt this year would move the City at the current value from using 9 percent up to 29 percent. He noted he would be back at the next meeting to present a financial management plan update and he would look more in depth at current and long-term borrowing.

Mr. Schatz stated the City currently has $2.8 million in principal and interest in debt service each year and it drops off as the debt does.

Mayor Bierce asked about the tax rate. Mr. Schatz stated .77 is the highest rate he is projecting for 2024 just for debt service. He said the projection he is using for value growth is 2 percent and feels the City will far exceed that in the next year, and it would top out at $.77.

Discussion took place regarding the rate changes.

Mr. Schatz stated there is $10 million for the DPW building and $1 million for renovations to this building in notes. He said notes offer a lot of flexibility in terms of how money can be spent if there are leftover proceeds, whereas bonds you must stick within the buckets you borrowed at. There are $10.9 million for City roads, $400,000 for cemetery roads, $1.2 for City trails and the rest are for utility projects. He said there are two years' worth of projects being borrowed for. He also noted we are in a rising rate environment.

Ms. Brown said she doesn't want to borrow money without knowing what it's for and would like to see things broken down further. She asked what City trails and City roads are being borrowed for.

Ms. Wagner noted the City was supposed to borrow for roads last year.

Discussion took place regarding the different roads and projects included in the borrowing.

Ms. Brown asked if projects may not be done due to bids being too high, but since we borrowed for the projects, the City will still do them. Ms. Wagner stated she doesn't see that continuing and thinks things will stabilize in the bidding environment. She doesn't see an issue spending the dollars and will only be borrowing for what the City will need for those two years.

Mayor Bierce is not ready to approve the projects and wants to wait for the report.

Mr. Schatz stated in terms of the five-year plan, this is a catch-up borrowing. He said there are projects that are already started, projects that have been delayed, and then big projects. He noted it shifts downwards afterwards and said there is a huge value increase coming to the City that will offset a portion of the growth and levy, which will push the tax rate down. Mr. Schatz stated the resolutions are "not to exceed amounts" and could reduce borrowing. He said the City can always take out a project. Mr. Schatz noted municipal rates are back to where they were in July of 2019.

Mayor Bierce asked about refinancing debt if the rate comes down. Mr. Schatz noted bond investors expect a certain period where the City is locked in, which is about nine years and then they are call able. He said if there is money or proceeds at the end it can be used to pay the debt service.

Mr. Schatz stated there is a parameters resolution which includes a two-step process that authorizes to move forward with the sale and then they hold the sale after 30 days. Instead of coming back to a normal meeting, they will get a signature from the Mayor authorizing the sale based on the parameters that are set forth in the resolutions. He said since the City is doing Corporate Purpose Bonds, there is a 30-day petition period after the set sale authorization. This requires the City to wait 30 days. He noted it is also better to hold the sale on a Thursday when you are not competing with other municipalities in the state who hold their meetings on Mondays.

6. Discussion and Possible Action Related to **Resolution 22-07-17** Authorizing the Issuance and Establishing Parameters for the Sale of Not to Exceed $11,205,000 General Obligation Promissory Notes, Series 2022A

<u>A motion was made and seconded (C. Brown, I. Clark) to approve Resolution 22-07-17</u>.
Motion Passed: 4-For, 0-Against.

7. Discussion and Possible Action Related to the Initial **Resolution 22-07-18** Authorizing $12,800,000 General Obligation Bonds for Street Improvement Projects

<u>A motion was made and seconded (C. Brown, R. Reinbold) to approve Resolution 22-07-18</u>.
Motion Passed: 4-For, 0-Against.

8. Discussion and Possible Action Related to Initial **Resolution 22-07-19** Authorizing $4,805,000 General Obligation Bonds for Water System Projects

A motion was made and seconded (R. Reinbold, I. Clark) to approve Resolution 22-07-19. Motion Passed: 4-For, 0-Against.

9. Discussion and Possible Action Related to Initial **Resolution 22-07-20** Authorizing $3,075,000 General Obligation Bonds for Sanitary Sewer Projects

A motion was made and seconded (C. Brown, J. Wamser) to approve Resolution 22-07-20. Motion Passed: 4-For, 0-Against.

10. Discussion and Possible Action Related to Initial **Resolution 22-07-21** Authorizing $7,065,000 General Obligation Bonds for Storm Sewer Projects

A motion was made and seconded (R. Reinbold, J. Wamser) to approve Resolution 22-07-21. Motion Passed: 4-For, 0-Against.

11. Discussion and Possible Action Related to **Resolution 22-07-22** Directing Publication of Notice to Electors Relating to Bond Issues

A motion was made and seconded (J. Wamser, I. Clark) to approve Resolution 22-07-22. Motion Passed: 4-For, 0-Against.

12. Discussion and Possible Action Related to **Resolution 22-07-23** Establishing Parameters for the Sale of Not to Exceed $27,745,000 General Obligation Corporate Purpose Bonds, Series 2022B

Ms. Brown stated she'd like to see a detailed list of projects.

A motion was made and seconded (C. Brown, J. Wamser) to approve Resolution 22-07-23. Motion Passed: 4-For, 0-Against.

14. Discussion and Possible Action to Release the Final Cash Guarantee for Prairie Grass Living Development

Ms. Wagner noted the City retained a deposit due to restoration issues. She said the issues have been completed and recommended the release of the $5000 cash deposit.

A motion was made and seconded (J. Wamser, I. Clark) to release the cash deposit. Motion Passed: 4-For, 0-Against.

15. Discussion and Possible Action to Approve the First Reduction of Woodleaf Reserve Phase 5 Letter of Credit from $2,112,033.46 to $1,436,472.46 (A reduction of $675,561.00)

Ms. Wagner stated this is the final phase of Woodleaf Reserve. She noted most of the grading, ponds, utilities and storm sewer and water are all in and are requesting a reduction in their letter-of-credit value. Ms. Wagner felt the amount was sufficient to complete the remainder of the project.

A motion was made and seconded (C. Brown, I. Clark) to approve the reduction in the letter-of-credit for Woodleaf Reserve Phase 5. Motion Passed: 4-For, 0-Against.

17. Discussion and Possible Action Regarding the Expenditure of the American Rescue Plan Act (ARPA) Funds

Mr. Klein noted there are sixteen projects that Department Heads came up with as to what the money should be used for. Mayor Bierce asked what the total funds were and, Mr. Klein stated just under $1.6 million. Mr. Klein stated the projects that received the most support were a solar energy project at City Hall and the DPW garage. He said this was based on information received from WE Energies and other sources about how solar energy is more of an investment with payback in five to seven years. Mr. Klein noted that because it is seen as in investment, you can borrow separately and have the whole project cost paid back. He said the inclusive playground was another project on the list. He noted there has been fund raising but not at a rate that it would be done in the near future. Mr. Klein stated City Hall remodeling and GIS implementation could come from borrowing or fund balance money.

Ms. Brown stated all suggestions come with price tags. She said she has no idea how expensive solar energy is but, in some ways it could be saving taxpayers money in the future. Ms. Brown noted she would not spend the funds on the all-inclusive playground. She feels there are amazing corporations in the community that could help with that. She would love to entertain the solar panel idea and would like to see how much it would cost and how much the City would have to use of their own funds.

Mr. Clark asked what GIS implementation meant. Ms. Wagner stated GIS is using the City's information and putting it into a format that the public can view. She said it helps with open government and asset management. Mr. Fuchs noted it also allows residents to get property information including transportation, zoning, and land use maps.

Mr. Wamser noted that he would rather use the money towards solar energy and a generator.

Mr. Reinbold asked if the money could be used for the security cameras. Ms. Brown stated security cameras were listed.

Mr. Bierce felt solar panels would benefit everyone.

Ms. Brown mentioned the other option she looked at was the main looping and abandoning well five. She said it would benefit water users.

Mayor Bierce asked if it would be a good idea to direct staff that solar panels were the preferred option per Common Council. Mr. Klein stated if there are other ideas to let him know.

18. Discussion and Possible Action to Approve the Proclamation in Recognition of the Sovereign State of Shrikailasa

Mayor Bierce stated he was asked to do a proclamation; Mr. Klein ran it past Attorney Riffle and he felt there could be concerns with proclaiming a religious figure. Attorney Riffle said if Common Council chooses not to approve the proclamation, he would direct staff to prepare a policy regarding proclamation requests as relates to religious organizations. Mr. Klein stated in the past he would say the City supports the organization but doesn't present proclamations for religious organizations.

Discussion took place regarding proclamations on agendas.

No action was taken on this item.

19. Discussion and Possible Action Regarding Appointments to Various Board, Committees and Commissions

Mayor Bierce stated he had no recommendations at this time.

20. Public Comment - None

21. Adjournment

<u>A motion was made and seconded (I. Clark, R. Reinbold) to adjourn the meeting at 8:57 p.m.</u>
Motion Passed: 4-For, 0-Against.

Respectfully Submitted,

Kelly Tarczewski
Clerk/Treasurer