

Joint Village/Town Negotiation Committee Minutes
June 24, 2013

Town representatives present: Keith Seward, Bob Elkins (6:02) and Dale Hustad. Village representatives present: Roger Truttman and Dan Gartzke. Also in attendance: Village Administrator Nicholas Owen

Absent: Kevin Budsberg

1. Call to Order - Meeting was called to order at 6:00 p.m. by Chair, K. Seward
2. Announcement: All cell phones are to remain silent during the meeting
3. Approval of Agenda: Motion by R. Truttman to approve the agenda as presented, second by D. Hustad. Motion carried.
4. Approval of Minutes of 06/05/2013 Meeting: Motion by D. Hustad, second by R. Truttman to approve the minutes as presented. Motion Carried.
5. Discussion - Proposed Amendments to Cooperative Plan: N. Owen introduced a memo dated June 18, 2013 to the committee for discussion. The memo was in response to D. Gartzke's tabled motion to delete the payback provision from the agreement. The 6/18/13 document was meant to summarize why the Village believes the payback provision would cause a hardship to the Village.

K. Seward reported that he had sent a copy of the document to the Town's accounting firm, Johnson Block and Associates and if the tabled motion were reintroduced, the Town would have limited response. He explained that the Town would not be in a position to act on the motion until the hearing back from their accountant. Without objection, the original motion will remain tabled and the group will discuss the June 18, 2013 memo and its implications.

K. Seward asked the Village if they had a policy for not annexing developed properties. Seward asked the Village if they should have a policy for this. Seward explained that based on the calculations presented in N. Owen's 6/18/13 document, the Village would immediately incur an expense greater than their ability to tax annexed developed properties under the current levy limits.

K. Seward used the following scenario, using the Mill Rate worksheet on page 3 of Nic's handout, to illustrate his point:

For illustration purposes, Seward assumed that the CBA did not exist and therefore the payment to the town of \$10,525 was not in effect .

The cost to the Village to annex a property with 20 homes	\$31,580
The additional levy revenue to the Village	<u>\$21,050</u>
Under this scenario, the Village would have a shortfall of	\$10,530

Based on this illustration, and assuming the boundary agreement did not exist, Seward asked Owen if the Village would annex the property. Owen responded that the annexation would require Village Board review. Seward confirmed with Owen that the Village *could* annex the property because there is not a policy against it. K. Seward noted that from his perspective, the cost/benefit analysis prepared by N. Owen is without merit because the annexation of this type of property would be left to the judgment of the then Village Board.

D. Gartzke asked for clarification and K. Seward explained that the June 18, 2013 memo claims that the Village cannot afford to annex developed properties but that the Village Board may do it anyway in certain circumstances. N. Owen's 6/18/13 memo illustrates that the costs to annex are

realized immediately, Seward argued that the lowest cost to service a property would be diminished by the impact of spreading the costs across the additional properties. In addition, K. Seward noted that if the Village were to annex those 20 homes, that they would not initially incur additional expenses such as an additional policeman, office staff or require additional road maintenance. Seward asked if the Village would agree that at some point there would be a cost distribution breakeven point to annexing. N. Owen replied that when they initially looked at this, the more homes they annexed the worse their costs. Owen agreed with K. Seward that they would not hire additional staff or police officers when annexing 20 homes, but felt there would be a tipping point when the additional staff would be necessary. The CBA has a provision that it would be the Town's obligation to keep the roads in the annexed areas up to a passer rating of at least 5.

From the Village's standpoint it is more advantageous to them to annex vacant land and realize the full value when the property is developed. D. Hustad noted that if the Village were to only annex vacant land there will be islands of developed land that will be surrounded by the Village. For instance, the Neuchatel land on Hwy 39 has already been annexed. If the land across from Hwy 39 were developed and annexed, there would be about 4-5 homes (Kristy Lane) that would be a Town of New Glarus island with their own sewer and water. D. Gartzke felt that under this scenario, and assuming the Village wanted to annex the properties within that island, the Village would lose money on the annexation, but not as much as they would if they had to pay the \$10,000 back to the Town of New Glarus under the CBA provision.

D. Hustad summarized that when the Town agreed to the CBA, it was their understanding that they would be paying \$10,000 per year to the Village until the new library is built and in exchange for the Village would pay \$10,000 to the town for 10 years after the properties are annexed. If the Village now decides that they cannot pay \$10,000 per year, the Town Board and Town Residents would request something in exchange. The Village, at this time, is not interested in offering anything else in exchange. Without objection the motion remains tabled.

6. Set Target Meeting Schedule Through to Village Board Approval of Cooperative Boundary Agreement: without objection, the next Joint meeting or CBA will be at the Town Hall on July 8th at 6:00 p.m.
7. Adjourn: Motion by D. Hustad to adjourn, second by D. Gartzke. Motion carried at 7:07 p.m.

Patricia I. Salter, Clerk-Treasurer
Town of New Glarus