

Joint Village/Town Negotiation Committee Minutes
July 8, 2013

Town representatives present: Keith Seward, Bob Elkins and Dale Hustad. Village representatives present: Roger Truttmann, Kevin Budsberg and Dan Gartzke (6:01). Also in attendance: Village Administrator Nicholas Owen

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 D. Hustad to approve the agenda as presented, second by R. Elkins. Motion carried.
4. Approval of Minutes of 06/24/2013 Meeting: Motion by R. Truttmann, second by R. Elkins to approve the minutes as presented. Motion Carried.
5. Discussion - Proposed Amendments to Cooperative Plan: K. Seward reminded the members that D. Gartzke's motion was in regards to removing the Village to Town revenue sharing from the CBA.

K. Budsberg moved to return D. Gartzke's motion to the table, D. Gartzke 2nd. K. Budsberg asked if the Town's accountant had reviewed the motion and considered the consequences. K. Seward confirmed they had and stated that he would share the letter later in the discussion. Motion carried.

K. Seward read the original motion to the members: "D. Gartzke moved to delete page 8 section 7 B VI lines 13-31 and section 7 C V of the CBA draft dated 1/11 and if on further review if other sections need to be deleted or amended to not have revenue sharing paid from the Village to the Town on properties that are annexed to the Village after the end of the 20 years according to this agreement."

D. Hustad moved to amend Gartzke's motion to delete all references that have to do with revenue sharing from the Town to the Village. K. Seward 2nd. Hustad prefaced his motion by explaining that the motion is for purposes of discussion, as he believed there is room for negotiation on both sides.

K. Seward shared with the group the response received by the Town's accountant, Kevin Krynski of Johnson Block. In Mr. Krynski opinion, the Village's argument that their 10- year payment would create a financial hardship was questionable given that the main assumption is that the service cost per residence would apply to the homes immediately upon annexation into the village. Krynski concluded that some costs such as Fire and EMS which are currently split on value and/or population would transfer immediately from the Town to the Village. He felt it was questionable whether other costs such as police, streets, parks and administration would have an immediate impact.

K. Seward distributed a document showing what the remaining elements would be if both sides were to remove the revenue sharing element from the CBA.

Option I:

- a. Joint Storm Water Issues Addressed
- b. Road Improvements
- c. Road Maintenance
- d. Extension of S & W to Town Developments

- e. Planning Area Remains
- f. Residential Developments Annexed in the 21st year
- g. Other Annexation (C & I)
- h. Town Keeps Tax Base for up to 20 Years
- i. Joint C & I Development Promotion
- j. Joint Planning Commission
- k. Town Hall in New Library & Rental Fees
- l. Library Construction Contribution in Conjunction with Rental (\$42,000)
- m. Impact Fees
- n. Others?

Both R. Truttmann and K. Budsberg stated that they felt the Village Board was firm on their position to reject their revenue sharing from the agreement. K. Budsberg stated that the original CBA was a fairly negotiated agreement that the Town voted on. He disagreed with the consensus of the Village Board and feels there are areas of negotiation. He was not sure if the other members of the Village board based their decisions on the document that N. Owen prepared or if their motivation was elsewhere. The Village Board discussed that the Town believes very strongly that if the Village is not comfortable in years 21-30 then the Town Board is not interested in years 1-21. N. Owen noted that if the revenue sharing element were to be removed from the CBA the Village board would be willing to proceed with some of the elements of the CBA but there would be other elements that the Village Board would not negotiate.

D. Gartzke's perception was that if the revenue sharing money from the Town weren't there, there would be no Village annexation. They could do everything or strike a number of others off the list. Gartzke also commented that he did not agree with Mr. Krynski assessment that street costs and police service would not be an immediate cost when homes are annexed. He felt that snow plowing and police service would have an immediate effect upon annexation. K. Seward clarified that Mr. Krynski was referring to road construction costs and street staff additions immediately.

D. Hustad asked N. Owen if there were any developments annexed within the last 20 years. Hustad suggested that in discussions, we have based our projection on 20 homes. D. Hustad thought maybe, based on the Valle Tell subdivision, we should be using a number closer to 10-12 homes. N. Owen stated that with levy limits where they are, 10 or 12 homes would not effect their levy limit calculation.

Option II:

K. Seward asked if the Village would be interested in discussing developing a formula that would accommodate the impact of fire and EMS proportionate costs that Seward estimated to be approximately \$2,500 a year and their effect on the milrate as part of mitigating the Village's concern of not being able to cover their costs. N. Owen did not feel that an accommodation for fire and EMS would be enough to take back to the board. K. Seward stated that the both sides of this negotiating committee are tasked with being leaders and selling the CBA to the perspective boards. The question remains are you on-board?

D. Hustad asked if it was a fair assessment to say that if the Town says it's zero for zero. There won't be any contributions towards the new library's operating costs if the Village takes out their revenue sharing, that the Village is fine with that and are interested in moving on to discuss other elements of the CBA. N. Owen agreed that this was the scenario they originally discussed as a board. K. Budsberg thought it was more subtle than that. He recalled that the discussion was about if the town takes revenue sharing as a response to the village board taking revenue sharing then so be it. He did not think they talked about the other elements of the agreement. N. Owen remarked that it had been awhile, but they had discussed this issue and that the village board would still be interested in discussing storm water, road maintenance, road improvement,

planning, cooperation, commercial and industrial cooperation. He did not think anyone would have an issue if the town still wanted to be part of the new library. Seward clarified with N. Owen that in this scenario, the village board would not be interested in annexation or the tax base for 20 years i.e. the extension of sewer and water. Owen agreed.

D. Hustad stated that according to the original agreement, in exchange for the town's contribution for the library, the town gets two things back. One is potential revenue sharing at the end which could be \$0-\$100,000. The second is that the town would keep the tax base for part of those 20 years if and when any homes get built. Hustad concluded that by removing one of these components it lowers what the town might be willing to do for revenue sharing to the library. Maybe it doesn't have to be zero, maybe the tax base for this area is worth something.

Option III:

After a short caucus, K. Seward suggested changing references in the agreement, "village annexation of residential development *shall annex* in the 21st year" to "*may annex* in the 21th year." If at the end of the 21st year the Village cannot afford to annex or refuses to annex those residential developments that are defined in this agreement, the properties would remain on the Town's tax roll. K. Budsberg asked if this clause would deter development in the Town since it would create uncertainty in what the taxes would be in year 20, he noted that the Village taxes are about double what the Town's taxes are. K. Seward clarified that from a developer's standpoint there are provisions that proposed developers are required to sign a pre-annexation agreement with the village plus anyone who purchases a lot must also sign a pre-annexation agreement with the village. D. Hustad noted that the overall taxes would not double, only the town versus the village portion would be effected. K. Budsberg suggested that determining how the properties come in needs to be discussed in advance. D. Gartzke thought this was an interesting option worthy of discussing with the Village board. After a brief discussion the group felt the properties would need to be annexed as a whole and that the agreement could be reviewed and open for negotiation in the 15th year of the agreement.

R. Truttman proposed that if the revenue from the Town were bumped up from \$302,000 to \$500,000 over 20 years but they would like to see 90% going to the library and 10% going to the Village. If the town would agree to those terms, then the Village would agree to the revenue sharing in the last 10 years of the agreement. D. Gartzke noted that the split in percentage could be negotiated, but the village board is against the full amount of the revenue sharing going toward the library. Seward asked the Village caucus to put this proposal in writing for Town caucus review. N. Owen agreed to provide the town with a written proposal.

After a brief caucus, R. Truttman reported that although the option to change the wording from shall to may in regards to annexation, may be a good deal for the village at the end of the 21st year if no homes were built, if there were homes built it could be a technical nightmare deciding to annex or not annex. Truttman also reported that they had discussed the introduction of the higher revenue sharing and felt that it seemed the group was not making any headway and suggested bringing in a mediator.

As part of the discussion, K. Budsberg suggested creating a 3 part motion that would combine elements from N. Owens's memo dated July 3, 2013 (detailed below), consenting to the utility surcharge and finally to agree to bring in a Department of Administration mediator to help reach an agreement.

That the town agrees to the following 4 technical revisions included by Village Attorney Larry Bechler that may make the CBA easier to read but have no real affect on the agreement:

1. Throughout the agreement Bechler changed references to the Village/Town ETZ ordinance to be Village ordinance over portions of the Town.

2. In several locations Bechler deleted repeating language and referenced the location the language was originally included to simplify the document.
3. Section 7.D.4) Bechler added language allowing the Village to approve the Town's nominee to the CDA.
4. Section 13.C) Bechler made the same revision as he made for the CDA allowing for the Village to approve the Town's appointment to the Library Board.

K. Seward called for a roll call vote on Hustad's amendment, R. Truttmann voted nay, D. Gartzke voted nay, K. Budsberg voted nay, R. Elkins voted nay, D. Hustad Voted aye, and K. Seward voted nay. Motion failed.

K. Seward called for a roll call vote on Gartzke's motion. K. Seward voted nay, K. Budsberg voted nay, D. Gartzke voted nay, R. Truttmann voted nay, D. Hustad voted nay, and R. Elkins voted nay. Motion failed.

K. Budsberg, moved to adopt the 4 technical revisions as outlined in Administrator Owen's memo dated July 3, 2013, additionally that this body eliminate 9f from the Cooperative Plan relating to the prohibition of the utility's ability to surcharge customers in the town and that this body utilize the mediation services of the department of administration to help reach an agreement, R. Truttmann 2nd. After a brief discussion, K. Seward called for a roll call vote: R. Elkins voted nay, D. Hustad voted nay, K. Seward voted nay, K. Budsberg voted aye, D. Gartzke voted aye and R. Truttman voted aye. Motion failed.

D. Hustad moved to ask their respective boards to apply for a 180 day extension, R. Truttman 2nd. After a brief discussion, K. Budsberg stated that he felt there were clear, long lived benefits of the CBA to both communities but felt that with the current composition of community leaders he did not foresee any significant changes within the next 6 months and he moved to amend Hustad's motion to file the request for extension be for 1 year. Seconded by D. Hustad. The vote was taken and K. Seward reported that the amendment motion carried with a vote of 5 to 1 with D. Gartzke opposed. The vote was called on the original motion to ask the respective boards to apply for an extension of 180 days, amended to 360 days with the Department of Administration. The motion carried with a 5-0 vote with D. Hustad abstaining.

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 August 7th at 6:00 p.m.
7. Adjourn: Motion by K. Budsberg to adjourn, second by D. Gartzke. Motion carried at 8:08 p.m.

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