

** MINUTES **
* * OUTAGAMIE COUNTY BOARD * *

Office of the County Clerk, May 28, 2019.

The Board met pursuant to adjournment, and was called to order by Chairperson Nooyen at 7:00 p.m. in the County Board Room, located at 320 South Walnut Street, Appleton, Wisconsin.

ROLL CALL: 32 present, 4 absent. Members present: Thompson, Miller, Grady, Patience, Gabrielson, Konetzke, Hammen, Krueger, Lamers, Dillenberg, Mc Daniel, Wegand, De Groot, Peterson, Croatt, Spears, Marcks, T. Thyssen, Hagen, Klemp, Iverson, Nooyen, Duncan, Culbertson, Sturn, Buchman, Clegg, VanderHeiden, O'Connor-Schevers, Rettler, Melchert, and Surprise. Member absent: Thomas, Schroeder, Woodzicka, and N. Thyssen.

The Board Chairperson requested the Board's confirmation to excuse Supervisors Thomas, Woodzicka, and N. Thyssen. No objections; so ordered.

Chairperson Nooyen reported a moment of silence would be held after the Pledge of Allegiance to remember all those who gave their lives in military service as well as remembering fallen Appleton Firefighter Mitch Lundgaard.

The Pledge of Allegiance was led by Chairperson Nooyen. A moment of silence was observed for fallen military and Appleton Firefighter Mitch Lundgaard.

MINUTES OF MAY 14, 2019

Supervisor McDaniel moved, seconded by Supervisor Patience, to approve the minutes of the May 14 2019, County Board meeting, with a change requested by Lisa Van Schyndel. The change requested by Lisa Van Schyndel is that her report be corrected under the Notification System as follows: "Notification System - EM is working to inform citizens that there are many ways to get notified of the weather. The County does have a Notification System that has weather component to it. The one we are promoting is the FEMA.gov app. it is free and you can set it for several counties and it offers preparedness information as well. We really want the citizens to know if they are waiting for the outdoor warning sirens to take action they are waiting too long. Outreach information is being sent out in municipal newsletters, through a Public Service Announcement with the Executive's Office. The County Executive has recently visited a local Middle School and spoke about the outdoor warning sirens and preparedness."

ROLL CALL: 29 aye, 3 abstain, 4 absent. MINUTES OF THE MAY 14, 2019, BOARD MEETING ARE APPROVED AS CORRECTED.

SPECIAL ORDER OF BUSINESS

Review of *Outagamie County Sales Tax Analysis* – Finance Committee Chairperson Kevin Sturn; Finance Director Brian Massey.

Chairperson Nooyen reported that Finance Director Brian Massey was unable to attend the meeting. He requested unanimous consent to allow Craig Moser to present in his place. VOICE VOTE CARRIED UNANIMOUSLY.

Chairperson Nooyen noted that this presentation was to present the facts from the proposal to implement the County sales tax and to provide opportunity to ask questions. Therefore, Craig Moser was available only for technical questions and Chairperson Nooyen requested that no opinion questions be asked.

Supervisor Sturn thanked everyone for coming and thanked the public for their attendance and public

input.

Supervisor Sturn reported the following history of the process of bringing Ordinance B to the County Board:

A County sales tax has been under consideration for some time; the process has not been rushed through. Following are the events that occurred more recently.

Oct. 10, 2017, Budget Review – During budget review of the Sheriff’s budget, discussion occurred in the review of funding for the MEG unit (Lake Winnebago Enforcement Group which includes Outagamie, Winnebago, Calumet and Fond du Lac Counties). Former Supervisor/Finance Committee member Pleuss expressed concerns about not providing the unit Outagamie County’s annual contribution (\$26,600), and his concern with neglecting fiscal obligations to partners. Pleuss questioned whether this was a time to discuss sales tax, and Supervisor Sturn reported he would put it on a future agenda. Pleuss expressed concerns with fiscal responsibility versus balancing Outagamie County’s obligations. While Pleuss did not vote for sales tax when presented earlier to the County Board, he reported he would vote for the proposal if it were presented before his term ended. Pleuss additionally expressed concerns with how much borrowing was occurred for roads. The budget was subsequently passed. Due to end of year responsibilities for the Finance Department, Supervisor Sturn delayed the agenda topic until the Finance Department was able to devote time to analyzing a County sales tax and provide a report on that analysis.

March 6, 2018, Finance Committee (minutes provided the County Board on their desks/also available online for the public) – At this meeting, the first topic was Highway capital projects funding and various other Highway funding sources. During that discussion, tight funding was discussed at the county and local levels and as a last item for future agenda items, “Sales tax for funding of roads (discussion only) was listed.

After that meeting, Sturn questioned administration whether additional meeting/sales tax materials was available that could be presented to the Finance Committee.

March 20, 2018 Finance Committee - On March 20, the Finance Committee met again with an agenda item under Correspondence, “Sales Tax Information.” Supervisor Pleuss spoke about the various ways to use the sales tax. In addition, a UW Extension 2012 analysis of county sales tax was provided, which anticipated revenue projected were a sales tax to be enacted in those counties that did not have a sales tax (Outagamie County’s projected yield in 2012 was \$17,559,885). In addition, a 2018 WCA article was provided, but it did not list Outagamie County’s anticipated revenue, but it did list Brown County’s anticipated revenue of \$27-30 million. The committee member concurred that the information presented was not enough to determine action. No one spoke during public participation at that meeting.

April and June 2018, general discussions occurred between Sturn and administration, but the urgency did not seem necessary.

July 10, 2018 (minutes provided the County Board on their desks/also available online for the public) – On page 3, under 2019 Executive Budget Guidelines and Other 2019 Budget Information, the Finance Committee was apprised of preliminary information regarding the 2019 budget and challenges the County was facing. At that meeting, the Executive reported that he was making a decision to temporarily suspend the County’s step program (merit based program) for one year. On page 5, other department heads were requesting positions. Therefore, the committee was aware that the 2019 budget was going to be a tough budget.

August 2018 – The County Executive held his budget meetings with department heads. At those meetings, the Finance Committee, Board Chair, Vice Chair, and committee of jurisdiction chairs may attend to listen the review. All department heads were requested to review revenue increases and expenditure reductions. One item considered was jail bed rentals. However, the former Sheriff warned that renting jail beds could be problematic with the piping problems that were occurring in the jail. If the jail was filled, the county's flexibility with dealing with the piping issue would be problematic. At the conclusion of those meetings, Sturn discussed with County Executive that it was not fair that the department heads were requested to look for all the revenue they could come up with, yet a sales tax was not being considered. Executive Nelson agreed that it might be a good time to review. Sturn requested that Finance Director Massey be tasked with providing information on a sales tax. Executive Nelson requested it be delayed due to the Finance Department's need to focus on budgetary tasks.

September 25, 2018 - A Special Order of Business (Kevin Sturn and Brian Massey presented) to the County Board issues surrounding the 2019 budget. Sturn was unsure what meeting (whether at the Sept. 25 meeting or a committee meeting)--Supervisor Spears had queried whether a sales tax was being considered. During the Special Order, levy caps were also addressed and how they impact the budget (on the desks was placed a table showing the net allowable levy limits from 2010-2019). In 2019, the County was only under the cap by \$237,447 (2018 was \$1,350,713). The step program and increasing insurance to employees was implemented as there was not enough funds under the cap to provide the previous funding for employees.

Subsequently, the 2019 budget was passed. During the process of budget adoption, a lot of concern was expressed by supervisors on issues that were not being addressed long term.

December 2018 - In the first week in December, Supervisor Iverson requested permission for the Finance Department to draft a report on State funding to the county. Administration agreed that the report was a good idea to provide information to State legislators for a January meeting prior to the sales tax analysis. The report showed that revenue was essentially flat from the State. As population grows in the County, services also grow and more mandates are being placed on counties from the State without additional reimbursements.

January 2019 - The Finance Department started the process of completing a report on a County Sales Tax.

February 22, 2019 - An email was sent from Supervisor Dan Grady questioning whether a review of county sales tax was being done. Sturn reported to him that a study was being completed by the Finance Department and that he would report back on the status.

March 2019 - Sturn questioned Brian Massey how the report was going. Massey estimated that the report would be completed in April and that he needed to discuss with Executive Nelson how the report would be presented to the Finance Committee.

April 4, 2019 – Sturn had lunch with Executive Nelson and Sturn queried how the sales tax analysis was progressing and that he wanted the analysis to be completed to list on the Finance Committee agenda for May 7. Nelson reported that he would have Massey release the report to Sturn when finished.

April 18, 2019 – Sturn received an email from Massey reporting that per Nelson's approval, the sales tax analysis report was attached. That is the document on the County's website:
<https://www.outagamie.org/home/showdocument?id=65572>.

May 7, 2019 - The Finance Committee meeting was properly noticed with the topic of the county sales tax listed under item 7. The Committee met and discussed in open session the topic (minutes provided the County Board on their desks/also available online for the public). Option 1 was chosen as the most balanced approach by the committee. Option 1 seemed to be a balanced approach as revenue would be shared with municipalities and school districts to be good partners.

May 8, 2019 – Chairperson Nooyen held a committee chairs meeting to discuss the options, option selected by the Finance Committee, and sales tax analysis. That meeting was also properly noticed.

May 2019 – Legislative Services moved the Sales Tax Analysis report to an easier spot to locate on the county's website under the County Board. On May 16, Chairperson Nooyen had IT move it to the front of the news on the county's website.

May 21, 2019 - Finance Committee held a meeting, after properly being posted with the ordinance draft for a county sales tax being listed. The Committee met and members of the public spoke for and against the county sales tax. After public input and discussion, a motion was made to move the county sales tax to the Board floor. The motion passed in committee 3-1 (Supervisor Croatt was absent; an excused absence). Sturn subsequently requested the ordinance be drafted and placed on the May 28 County Board meeting. At the May 14 County Board meeting, Chairperson Nooyen checked supervisor attendance availability for the May 28, 2019 County Board meeting due to the Memorial Day holiday and sufficient attendance was provided.

In addition to the information Sturn reported as being placed on the desks, Sturn requested there is some legal opinion involved. Therefore, Sturn requested that Corporation Counsel (CC) Guidote discuss legal concerns.

CC Guidote reported that on May 1, he issued a legal opinion regarding questions surrounding the sales tax. The first question addressed was whether the County Board was authorized to legislate a sales tax. Under Wis. Stat. 77.70, the county/county board may impose a sales tax of .05%. The second issue involves authorization on sharing a sales and use tax. In reviewing the issue, CC Guidote noted that there is specific authorization to share a portion or all of the revenue with municipalities (municipalities is defined as towns, villages, cities, and school districts). An additional issue is whether the County can choose to share with some municipalities or a portion. In CC Guidote's opinion, the County cannot restrict the definition of municipalities—sharing must be done with all municipalities as defined in the statutes. For eligibility, if the County Board authorizes municipal sharing, then all would be eligible. Additionally, the issue whether qualifying sharing was addressed. In CC Guidote's opinion, conditions can be set for sharing. County sales tax must reduce tax levy. If the sales tax proceeds aren't used for that purpose, then, expenditure of those sales tax proceeds would be illegal. If sharing with the municipalities, then, at least that condition must be imposed. Therefore, when the municipalities expend their portion, the revenue must be utilized for property tax reduction. Because that condition can be imposed, CC Guidote's opinion is that other conditions may be imposed. Guidote gave an example of restricting the use for road construction (all would be eligible, but qualifying for roads would not be applicable to the school districts). A collateral issue is whether the County Board can limit how the County Executive utilizes the revenue for budgetary purposes. The Board can authorize a sales tax; it can authorize municipal sharing; it can authorize the percentage for municipal proceeds (up to figure); however, a County Executive has independent statutory ability to create their own budget. Therefore, the County Executive has the prerogative to budget that revenue how they see fit. The budget then is presented to the Board. Once the budget is presented to the County Board, the Board then may amend and/or vote up or

down the budget. The Executive then has the right to veto. The County Board has subsequent ability to override the veto (2/3 vote required). Ordinance B authorizes sales tax and municipal sharing. The Finance Committee preferred option 1, but it does not bind the County executive. Option 1 is a recommendation to the Executive and provides the Executive a position from how the Board wants the funds to be utilized in regards to municipal sharing.

[Outagamie County Sales Tax Analysis](#) – Sturn reported that a PowerPoint was provided as a highlight to the report.

Reasons for the county sales and use tax include the following four reasons:

- Net Tax Reduction
- Property Tax Relief
- Pay Down Debt
- Reduce Borrowing

Option 1 was selected by the Finance Committee as the option to pursue due to municipalities expressing their concerns with budgetary constraints. Option 1 – (\$20,000,000 estimated revenue from county and sales use tax in Outagamie County = Use \$7,000,000 Direct Reduction of Levy, Use \$5,000,000 Direct Reduction of Debt Service Levy, Use \$5,000,000 To pay for Capital Expenditures, Share 15% of total or \$3,000,000 with Local Municipalities and School Districts). The Capital Expenditures were not itemized as the Five Year Capital Improvement Program (CIP) lists capital projects that departments report are needed, which include roads, phone systems, etc. The CIP is a plan, but items are not locked in until the budgetary year. This plan is a plan for future Boards, but still provides flexibility.

Sturn reported that Finance Committee member/Supervisor Thomas voted against the sales tax. He was not able to attend this meeting. Sturn asked whether he would like to present a written statement. Thomas reported his concern was with the shared funding to municipalities and uses. CC Guidote addressed that the use must be used for property tax levy reduction. In addition, Sturn reported that all municipalities have elected officials. Those officials have better ideas as to how the funds should be utilized in their municipality. If restrictions are imposed, then enforcement would also be a factor.

The individuals that will pay the sales and use tax are estimated to be 75% Outagamie business and individuals and 25% by outside individuals/businesses, who also use services and infrastructure when traveling without Outagamie County. The outside individuals/business revenue is estimated at \$5 million.

Levy limit amounts were provided from 2010-2019. An average new construction increase is estimated to provide approximately \$1.35 million. As the County Board tries to fulfill the needs of its constituents, programs/services can no longer be paid for with levy increases from new construction. The Public Safety Committee has heard a report from the Sheriff that approximately \$200,000 is going to be needed as an increase in the 2020 budget for the radio contract. If reviewing 2018, there was \$1.35 million and that was used up. Borrowing funds is an option. However, the trend of county debt shows an increase from 2010 of \$14.923 to \$55.435 million in 2018; an increase of \$40.511 million. With debt, the interest is a cost as well as bonding fees. In reviewing the CIP, borrowing anticipated for 2020 includes approximately \$5 million for roads and \$1.3 million for phones (possibly higher on the phone project). If taxes are not raised and if borrowing is not approved, then services will be lost. However, service cuts have not been requested by county constituents.

The balance between the levy and debt is important to be good stewards of county funds. In addition, it is

important that the county fulfill its obligations

Sheboygan County (Outagamie is modeling after Sheboygan County) has shown that the county use and sales tax rate positively impacted the property taxes.

Option 1 seemed to be the balanced approach. Outagamie County raises \$72 million through property taxes. However, expenditures are higher than taxes raised, which means that debts will increase. The raising of a county and sales tax will slowly lower the debt and allow some projects paid in cash, which provides additional property tax net household savings in future years.

During question and answer, discussion took place regarding: how the revenue projection was conservatively calculated; how net savings to households was projected; the lag revenues will be realized during implementation of the county sales and use tax; annual anticipated debt interest savings over a 10-year period from debt reduction (approximately \$6.5 million); Finance Committee's evaluation of current debt load and how Option 1 was selected; interest rates projections for the future; county and sales use tax would be collected in Outagamie County and only used for Outagamie County and its municipalities; requirements for notification to the State prior to beginning collections of the county sales and use tax (required 120 day notice); problems with delaying collection, timing of budget development, and timing of approval of the ordinance; and future resolution drafts which could request the County Executive use the county sales and use tax revenue in a certain manner.

ESTABLISH ORDER OF THE DAY – No changes.

COMMUNICATIONS - Communication Referral List - included in the packet.

Chairperson Nooyen reported on the following additional communications were distributed on their desks:

- Changes to May 14 County Board Meeting
- Magazine article on increasing taxes for good from New North Business to Business magazine.
- Net allowable levy amounts (referenced above)
- Email from Carol Lenz regarding Ordinance B
- Finance Committee minutes from March 6, 2018, July 10, 2018, and May 7, 2019 (referenced above)

In addition, Chairperson Nooyen reported that he forwarded to County Board members an email from Executive Nelson email on May 28 in the afternoon which included a 7-page document regarding Ordinance B.

PUBLIC PARTICIPATION FOR A PERIOD OF FIFTEEN MINUTES (PERTINENT TO THE RESOLUTIONS OF THE DAY)

Peter Thillman, Fox Cities Chamber member, 125 Superior St., Appleton – The Fox Cities Chamber does not have an official position regarding Ordinance B. Thillman expressed concerns that should be addressed in the ordinance including that no sunset provision of the tax is provided; no specific CIP projects are required to be paid for by the sales and use tax and that the tax is progressive and impacts the most vulnerable aspects of the community. A positive aspect included that the sales tax revenues will reduce debt load.

Robert “Toby” Paltzer, former County Executive/current Town of Center Chair, 1040 Meade St. – A county sales and use tax was proposed in 2001. If the tax has been passed at that time, the Government

Center would have been paid for without debt and other projects such as the Jail piping project could have been paid for with the revenues. When Paltzer left Outagamie County as county executive, property taxes had been reduced and county debt was \$15 million, which has now climbed to \$55 million, with \$10 million of interest. Paltzer reported statements have been made that the sales tax is unnecessary with no clear purpose; however, reducing property tax and eliminating debt are clear purposes. In addition, this topic has reported that it is being railroaded through. However, the county sales and use tax has been expressed as an option since former County Executive John Schreiter was in office in 1986. Paltzer urged the Board approve the county sales and use tax. Revenue realized in the Town of Center would be utilized for road repairs.

Karl Schrampfer, 4818 W. Wildflower Ln., Grand Chute – He opposes Ordinance B. Once a tax is imposed by a municipal government, that tax never ceases and will likely increase. This taxes just shifts the tax burden by decreasing one tax and imposing another. The average American taxpayer works until April 17 to pay taxes. In 1900, Tax Freedom Day was January 22. Government taxation has increased from 7% of in 1902 to 33% of the GPD today. Federal income tax over 100 years ago was 1%. In research, Schrampfer reported there are over 97 new taxes that Americans pay today that did not exist over 100 years ago. He implored the County Board vote down Ordinance B and listen to taxpayers vs. Town of Grand Chute board members who did not listen to constituents when a petition was filed regarding Spencer Street road improvements.

Dave Schowalter, business owner, former Appleton City Council member, and current Town of Grand Chute Chair, 1821 Margaret St., Grand Chute – Local municipalities, including the county, continue to face challenges with providing services. The situation will not improve with the State legislature. Instead of increasing State shared revenues, they have made matters worse by refusing to close the Dark store loopholes (commercial tax burden is transferred to local residents). The County sales and use tax would provide needed property tax relief. With over 15 years of experience as a local elected official, Schowalter is aware that government decisions do not make everyone happy. After a decision is reached, often many who are opposed are no longer unhappy. Once tax bills go out with a property tax reduction, taxpayers will be happy. He urged members to pass Ordinance B to provide long overdue tax relief.

Ron Tank, 3434 N. Bluemound, Grand Chute – His notes originally reported that a sales tax increase is not something he could support. However, he reported that he was changing his mind due to the information provided at the meeting. Ordinance B and a sales tax increase is a complex issue. However, a sales tax will have a negative impact for those who live and shop within the county. An increase in taxes is an increase in taxes. He was unaware of the possible positive impacts as outlined, and he thanked the County Board for providing the information. He urged caution with passing a sales tax increases as in previous analysis on sales tax increases, some have had provided positive results while others provided negative results.

Helen Nager, former County Board Chair, 932 E. Commercial, Appleton – She has been a long supporter of a county sales tax and supports Ordinance B. Thirty-two years ago, a sales tax was recommended, but it not passed because the County did not need it. However, a county sales tax is now needed. If a County Board of 36 approves the sales tax, constituents will have lower taxes overall due to the size of the board. A misconception has been reported that the county sales tax will hurt the poorest people; however, it will not. If people are living in a house that are house poor, they would have to spend \$20,000 on taxable merchandise to be worse off. Most of their spendable income, however, is utilized purchasing nontaxable items such as food and medicine. Additionally, Nagler reported her concerns to balance the budget of spending reserves and borrowing. She urged passage of Ordinance B and reported her hopes that

additional revenue will help the county to balance the budget for the future.

Avi Sturn, Director of Public Affairs for Kaukauna-based Milk Source LLC, N3569 Vander Bosch, Freedom - Milk Source LLC is one of the largest employers in the Freedom area. He opposes Ordinance B, the county sales and use tax. Farmers pay sales tax on critical items such as fuel, vehicle purchases and repairs, construction and capital improvements. Any sales tax increase will impact more than 100 employees who work and live in the county. If the sales tax is used to reduce property tax, the sales tax is then a regressive form of taxation as a significant amount of their employees are renters who will pay more for items but receive no benefit in the process. American's dairy industry, in general, and Wisconsin specifically, are weathering some of the worse times in history. During the past six year period, the industry has been dealing with trade wars and bad weather patterns. He urged the Board to not pass another issue onto the dairy industry with increasing their taxes.

Clint Kriewaldt, Sheriff - Comments have been made about a county sales tax as follows: "I think it's a mistake; we don't need this." "Adopting a sales tax for no clear purpose is a mistake." "The county is fiscally sound; so, there's no need for this new tax." Kriewaldt reported that the Sheriff's Department has had to make cuts to the budget the last few years, but costs and expenses continue to rise. Last year, the step program was eliminated for a year when it had been in place for 15+ years. Employees who were expecting to receive the step increase were very upset. Recently, Kriewaldt attended two department head meetings where all were asked to be very creative to come up with between \$7-800,000 collectively within their budgets to potentially bring back a modified version of the step program. Based on the comments in the media, there is a different message being sent to department heads than what the public is hearing for messages regarding the county budget. There is a clear purpose for this new tax. If the Sheriff is asked to make additional cuts to the budget, there will be a significant impact to public safety and officer safety, and Kriewaldt is not willing to jeopardize either of those.

Scott Jones, 1501 S. Lutz, Appleton – Reported support of Ordinance B. While no one likes a tax increase, his family moved from the Chicago area to this area. The family was amazed at the great roads and nice parks. Additionally, they observed over the years that the county was trying to keep up with services and roads. Due to decreased funding from State and ability to raise funds through increased property tax levy, the county sales tax is a viable answer. He reported his appreciation to the County Board for the difficult decision and he urged a yes vote to approve the county sales and use tax.

Justin Schumacher, Outagamie County employee in multiple departments, 136 E. Tobacnoir St., Kaukauna – Outagamie County and its employees are a beacon in the county and continue to provide cutting edge/most fiscally sound operations around. Over the years, the constituents of the County expect employees to not just meet requirements, but to exceed expectations. Workers do that by working extra shifts, volunteering in the community, and performing by doing what is right and needed despite difficulties. Evidence is provided in a variety of departments. Examples include the fourth fastest growing commercial Airport in the nation, a multi-year award winning Recycling and Solid Waste department for landfill management/sustainability, emergency services that respond at a moment's notice, plow operators that spend countless hours/nights/holidays to ensure safe travel, zoning and development that promotes a continual smart growth to a variety of other services whose sacrifices are too numerous to count. Schumacher noted that a pat on the back was not being requested as employees get into this line of work as a call to provide public service for those who can't at a value they deserve. However, the beacon is dimming as revenue has stagnated. The extra revenue with a sales and use tax would assist budgets to maintain service levels. Department heads have been asked to be creative, cutting costs but maintaining services. They have responded with passion, ingenuity, and a willingness to help at all costs. There is no more to cut, service will suffer, and employees are starting to leave. Therefore, he urged the

County Board to turn things around, invest in employees and their work, and vote for "yes" for Ordinance B.

Michael Stouffer, 714 Bluff Av., Little Chute – He reported that he recently learned of the proposed sales tax at the Finance Committee meeting. Since the meeting, Stouffer has been studying the county sales tax issue. Misunderstandings he addressed includes how the levy limit process works, which he briefly addressed. The misconception is what is limited on the levy, which he believes includes the levy operating budget limit. There are no limits to borrowing/debt service and therefore, the mill rate can be increased to cover that borrowing and is also allowed to be increased by net new construction. Conversely, financing can be increased by a new tax, which has no impact on the operating levy limit itself. If the county were to stick to the spirit of the law with the sales tax and pay down the debt, that would do nothing to increase the operating budget. The county would have to pass a referendum to increase revenue for operating budget. Therefore, the levy limit really refers to the operating levy limit. A number of people have spoken to compare apples and oranges. If the concern is the operating budget, then, the county is eventually going to have to refer to a referendum. His concerns is that discussion be centered around the proper topic and that he sense is that Ordinance B is not a good one and the County should examine further that is more appropriate for intent.

Joe Schumacher, Town of Ellington Chair, W6286 Cedar Cliff Dr. - Agrees that Ordinance B is needed and he agrees with comments made by Mr. Paltzer. The revenue sharing with municipalities will assist local municipalities who are also struggling with their budgets, which the Town would use for roads. He thanked the County Board for including municipalities in the revenue sharing. He urged the County Board to adopt the ordinance.

Antoinette Powell, 401 W. Prospect Av., Appleton – Spoke in favor of Ordinance B, after hearing Supervisor Sturn discuss being good partners with neighbors, the need for debt reduction, and funding for capital. All four options have property tax relief. She reported she would be willing to give up her \$4.83/month and not buy a cup of coffee, if the raised funds go to the three items Supervisor Sturn mentioned. Wis. Stats. reported that county sales and use tax must be used for property tax relief. A subsequent Attorney General opinion reports the sales tax revenue may be used for any budgetary item that is funded by property tax. Therefore, she is in favor of Ordinance B if property tax relief is realized.

Nadine McGlone, 533 N Durkee St., Appleton – Reported she attends various meetings to become more educated. She read the Outagamie County Sales and Use Tax Report and feels the need for the proposed county sales and use tax is premature. She is also extremely familiar with business models, financing, and types. She reviewed the proposed tax plan, the 2019 County Budget, the WCA Government Affairs summary of county-related provisions as part of the State Biennial Budget Bill (which is going through changes by Governor Evers), and the county-related items of the State Budget and the two-year plan. A lot of that Budget Bill addresses county transportation and local road improvement. She encouraged the Board review an April 24, 2019, news article from Duluth, MN, on tax increases and what they experienced as well as the 2018 Colorado Springs Chamber of Commerce issues that they ran into. From a family of business owners, she is curious as to the impacts small business owners will experience with the new tax. Economic uncertainty is on the horizon. She expressed concerns with the investments that the county has and how those investments are being overseen. She additionally expressed concerns over borrowing \$39 for downtown expansion, yet bad pipes are within another facility. She also expressed concern over the way the government center expansion is laid out and the difficulties navigating the facility. She felt the expansion protects the lawmakers from the public. She reported that she additionally is concerned with the \$55 million in debt and how funds are managed. The \$20 million of anticipated revenue will not address how the county is outpacing themselves in spending. The average family will

pay an anticipated increase of \$109 and that this might be a burden to those in lower economic status.

Keith Powell, 401 W. Prospect Av. – Supports Ordinance B and the tax. As an elder, he remembers good roads, funding for schools, and good infrastructure, which has gone by the wayside. He has lived in much bigger counties before moving to Appleton 17 years ago, and they have additional facilities such as county hospitals and county ambulance service; items that may not be need in Outagamie. However, he is supportive of debt relief. If it costs him a \$.01 on a cup of coffee, he is fine with paying for it.

Jean Roberts, President of League of Women Voters (LWV), 1110 E. Florida Av., Appleton – The LWV does not have a position on Ordinance B, but the LWV does have advocacy positions on a number of service areas provided by the County, which may be effected by the decision. The County has made investments in new buildings, but buildings do nothing without the employees that populate them. Due to the spending and the current debt and levy limit, it is likely that cuts will need to be made, and the cuts may be to employees or programs. Currently, the employees that work in the areas of child protection and juvenile advocacy are already at their maximum capacity, unable, due to overly large caseloads, to provide the trauma-informed care that the youth need. Due to the largely significant increase in the use and abuse of opioids, huge increases have been realized with the number of children in foster care. As of this morning, there are 221 kids in placement due to opioid use and generational issues with family; these kids have significant needs. Staff that deal with the kids have huge hearts/skills, but there is only so much they can do. In her discussion with one staff, more than anything else, the staff mentioned that the staff just needs more help. In the staff's 25 years of experience, the system has never been so overwhelmed. Professionals who are working with most vulnerable residents, abused and neglected children, acting out youth, who are older versions of abused/neglected children, and the elderly cannot function with cuts to their services. Due to levy limits, social programs, roads, parks, education, etc. have been underfunded despite the needs have increased. Unfunded mandates are significant and will continue to grow. With the current tax levy limit law, this is not likely to change. If the decision were to negatively impact cuts to staff or services for cuts, the LWV cannot be a supporter. Given State levy limits and unfunded mandates, the LWV believes the sales tax is a viable option to provide services needed to provide staff and programs.

Chairperson Nooyen thanked everyone for speaking, their brevity and courtesy. He called for a recess in accordance with Board rules at 8:46 p.m.

The Board Chair called everyone to their seats at 9:02 p.m.

APPOINTMENTS – None.

REPORT BY THE COUNTY EXECUTIVE

County Executive Thomas Nelson congratulated Supervisor Dennis Clegg (June 1) on his birthday. A round of applause was given.

Executive Nelson reported the following regarding Ordinance B and the proposed County sales and use tax:

- Memo was sent to supervisors via their email on the County Executive stance on Ordinance.
- The process of the proposal were in his opinion:
 - 1) Process was rushed. He reported that while it took 25 minutes to explain the timeline, if there really was a thorough discussion and debate for a two-year timeline, people would not have been contacting him. However, they were calling his office reporting they were not aware that the

County Board was taking on the sales tax. The Chamber of Commerce had no idea that this was happening, who have key leaders, whose job is to be informed about these issues, provides basis. Whether members are for or against the proposal, it is important that the process be done well.

- 2) Basis of the proposal is fundamentally flawed – The first question asked was what an we spend the tax proceeds on. There has been discussion on whether there is or is not a compelling reason to do it. When the study was completed, four things that the money can be spent on was reported. That is not a plan; that is not a vision; those are simply things you can or cannot do. His analysis of the speakers were what the sales tax could be spent on. No coherent plan of what recent counties who adopted the sales and use tax had in place. Examples include Fond du Lac with Mercury Marine, Kewaunee County with the loss of the nuclear plant, and Brown County that had a specific list of capital projects. Brown County was really in debt (three times the debt of Outagamie). Thankfully, Outagamie is not in any of the three positions. Perhaps, someday, the county will be and if the sales tax is implemented, the county will be using it and lose it, and the county won't be able to use it again.
 - Study - A number of omissions, assumptions, aspects were utilized for development that are misleading that need to be clarified. 1) It is unlikely that the county will achieve noticeable property tax relief. The assessment of the various property tax schemes and descriptions of what happened in different counties is a description of what they are intending to do with their tax proceeds. There isn't a record of whether they were successful in accomplishing it or not. Some of the counties had the tax implemented for approximately 20 or 25 years, but it doesn't speak to the track record. There is also a rhetorical question that should be asked ... of the counties who have sales tax, are they free and clear of the budgetary challenges that we face. Do they have no debt whatsoever? Are their roads and bridges completely taken care of? Do they have unusually low tax rates? Outagamie County has one of the lowest tax rates in Northeast Wisconsin in comparison of counties with or without the sales tax.
 - Assumption in the Study – Executive Nelson has issue with the Brown County lawsuit. With his conversation with others, they don't believe Brown County is going to lose. If this is adopted, it will be good for Outagamie County in terms of the legal issues. However, the Manitowoc County Executive thinks there is legal merit as the attorneys who are taking on the case are doing so on a pro bono basis. Attorneys don't take cases on a pro bono basis who are losers. Executive Nelson also has issue about assumptions about State aids. One of the bright spots with the State budget is that the legislature and governor are agreeing on transportation, specifically raising a gas tax. Therefore, if the sales tax is approved and if the proceeds are used for roads, essentially constitutes will be double taxed. While the gas tax might not be approved, as the State has made progress and Outagamie is looking at taxation for the the same things is a concern.
 - State and County fairness – Executive Nelson reported that he felt the County is not receiving their fair share of shared revenue, gas tax, etc. He felt the legislature has misplaced priorities, and there is poor representation from County legislators. A County sales tax is letting legislators off the hook.
 - Clarification of Net Benefit – The terms net tax savings and net property tax savings have been used interchangeably. There is also the question of whether speaking on an average individual basis or on the aggregate. Nowhere in the report does it speak to people who do not own property and are not property taxpayers. There are 35,000 renters within the county, and none will pay any property tax, or they may only pay a portion. However, all will be spending an extra \$109 in county sales tax; therefore, their net tax is a negative.
 - Study Math Problem – The study answers two questions: 1) how much revenue will be raised, and 2) how can it be spent. Missing in the report is historical evidence that shows that county sales tax does not lead to property tax relief. Executive Nelson cited a 2002 WI Taxpayers

Alliance study reviewing which reviewed 48 counties, 6 with the most relief, 15 with some relief, 7 unclear, and 21 with no impact. For 15-20% constituents did not have noticeable property tax relief. Two most well-known property tax relief programs at the State level are: lottery tax credit (instituted in the late 1980s) and 2/3 funding formula for schools. The lottery tax credit is a shadow of its former self. It only represents 2 or 3% of the entire tax bill (fluctuates between \$60-120/year). The school funding formula is also failing due to school funding referendums. Last month there was one half of \$1 billion on school referendums on the ballot in one year, one Spring Election.

- 3) County Board cannot bound Future Boards – There is concern that decisions from this County Board cannot bound future county board decisions.
- Budgets - Every person that spoke discussed tight budgets and tight operating budget. The sales tax will not address that issue.
- Manitowoc County Corporation Counsel Opinion – The opinion addresses whether or not the 1998 Attorney General (AG) opinion has changed. Since the AG 1998 opinion, in 2005, the first state tax levy limit was adopted. In Manitowoc CC's opinion, the levy limit can be construed as a spending limit. Therefore, since the 1998 AG opinion, spending cannot be raised beyond the current limit (if spending is \$1.4 million, it must continue to be \$1.4 million).
- Burden of Tax - The proposal is regressive. Cost will be approximately \$109/person. For those under option 1, they will save \$24.80. If not paying property tax, there is a \$133 difference from someone who owns property vs. someone who does not.
- Business Impact - The report fails to address negative impacts on businesses. Outagamie County is a destination-source tax county within the State due to its lower sales tax. Therefore, for construction firms in Outagamie County, will they be impacted due to the sales tax in their bidding proposals.

During question and answer, discussion took place on whether the employee step increase program would return in its entirety for 2020 (Executive Nelson reported it was his intention to bring it back); whether the State gas tax proposal is really going to be approved and what percentage would return to the local level (historically 10%)(Executive Nelson reported Governor proposed \$.08 and other groups are proposing \$.05 and he was unsure with registration increases); how the State could break out the budget to various items; whether the County Executive has an alternative plan to budgetary problems; and legal issue with Manitowoc County Corporation Counsel's opinion and possible future court actions.

REPORT AND PRESENTATION OF COUNTY LOBBYIST

County Board Chairperson reported that the County Lobbyist would not be reporting out due to conflicts with meetings in Madison.

UNFINISHED BUSINESS – None.

NEW BUSINESS

Resolution No. Z-3—2019-20 – Agriculture, Extension Education, Zoning & Land Conservation Committee. Approve the proposed district rezoning request from Exclusive Agriculture to General Agriculture for Michael and Cynthia Koller, totaling 2.0 acres in the Town of Black Creek, as noted on the attachments.

Supervisor VanderHeiden moved, seconded by Supervisor Suprise, for adoption.

ROLL CALL: 32 aye, 4 absent. RESOLUTION NO. Z-3—2019-20 IS ADOPTED.

Resolution No. Z-4—2019-20 – Agriculture, Extension Education, Zoning & Land Conservation Committee. Approve the proposed district rezoning request from Exclusive Agriculture to General Agriculture for William/Dorothy Paltzer Living Trust, totaling 2.0 acres in the Town of Black Creek, as noted on the attachments.

Supervisor Suprise moved, seconded by Supervisor O'Connor-Schevers, for adoption.

ROLL CALL: 32 aye, 4 absent. RESOLUTION NO. Z-4—2019-20 IS ADOPTED.

Resolution No. Z-5—2019-20 – Agriculture, Extension Education, Zoning & Land Conservation Committee. Approve the proposed rezoning request from General Agriculture to Industrial for John Schlimm, owner representative for the Catherine A. Schlimm Revocable Living Trust, owner, totaling 54 acres in the Town of Greenville, as noted on the attachments.

Supervisor Suprise moved, seconded by Supervisor Melchert, for adoption.

ROLL CALL: 32 aye, 4 absent. RESOLUTION NO. Z-5—2019-20 IS ADOPTED.

Supervisor Surprise moved, seconded by Supervisor Melchert, to reconsider Resolution No. Z-5 for the purpose of lock in.

ROLL CALL to reconsider: 32 aye, 4 absent. RESOLUTION NO. Z-5—2019-20 IS RECONSIDERED.

ROLL CALL to adopt & lock in: 32 aye, 4 absent. RESOLUTION NO. Z-5—2019-20 IS ADOPTED & LOCKED IN.

Ordinance No. Z-2—2019-20 – Agriculture, Extension Education, Zoning & Land Conservation Committee. Approve the proposed district rezoning request from Exclusive Agriculture to General Agriculture for Robert Reider, agent for Edward Gritt, owner, totaling 2.0 acres in the Town of Cicero, as noted on the attachments.

Supervisor VanderHeiden moved, seconded by Supervisor Suprise, for adoption.

ROLL CALL: 32 aye, 4 absent. ORDINANCE NO. Z-2—2019-20 IS ADOPTED.

Resolution No. 20—2019-20 – Legislative/Audit and Human Resources Committee. Approve the request to amend the Table of Organization by the creation of one full-time Health and Human Services Fiscal Division Accountant position effective June 10, 2019, as noted on the attachments.

Supervisor Konetzke moved, seconded by Supervisor Gabrielson, for adoption.

ROLL CALL: 32 aye, 4 absent. RESOLUTION NO. 20—2019-20 IS ADOPTED.

Supervisor T. Thyssen moved, seconded by Supervisor Spears, to reconsider Resolution No. 20 for the purpose of lock in.

ROLL CALL to reconsider: 32 aye, 4 absent. RESOLUTION NO. 20—2019-20 IS RECONSIDERED.

ROLL CALL to adopt & lock in: 32 aye, 4 absent. RESOLUTION NO. 20—2019-20 IS ADOPTED &

LOCKED IN.

Resolution No. 21—2019-20 – Property, Airport, Recreation & Economic Development Committee. Approve the Lease Agreement with Transportation Security Administration and increase the Terminal TSA-Basement cost center by \$1,513, decrease the Terminal TSA-First Floor cost center by \$319 and decrease the Terminal Fund Balance Applied cost center by \$1,194, as noted on the attachments.

Supervisor Culbertson moved, seconded by Supervisor Hagen, for adoption.

ROLL CALL: 32 aye, 4 absent. RESOLUTION NO. 21—2019-20 IS ADOPTED.

Supervisor Culbertson moved, seconded by Supervisor Wegand, to reconsider Resolution No. 21 for the purpose of lock in.

ROLL CALL to reconsider: 32 aye, 4 absent. RESOLUTION NO. 21—2019-20 IS RECONSIDERED.

ROLL CALL to adopt & lock in: 32 aye, 4 absent. RESOLUTION NO. 21—2019-20 IS ADOPTED & LOCKED IN.

Resolution No. 22—2019-20 – Property, Airport, Recreation & Economic Development Committee. Approve the Flight Training School Services and Facility Lease Agreement with PS Companies, Inc. and increase the FBO Flight School cost center by \$6,000 and decrease the Terminal Fund Balance Applied cost center by \$6,000, as noted on the attachments.

Supervisor Wegand moved, seconded by Supervisor Klemp, for adoption.

ROLL CALL: 32 aye, 4 absent. RESOLUTION NO. 22—2019-20 IS ADOPTED.

Supervisor Culbertson moved, seconded by Supervisor Spears, to reconsider Resolution No. 22 for the purpose of lock in.

ROLL CALL to reconsider: 32 aye, 4 absent. RESOLUTION NO. 22—2019-20 IS RECONSIDERED.

ROLL CALL to adopt & lock in: 32 aye, 4 absent. RESOLUTION NO. 22—2019-20 IS ADOPTED & LOCKED IN.

Resolution No. 23—2019-20 – Public Safety Committee. Accept and expend the \$5,964 funding received from the Office of Preparedness and Emergency Health Care, Wisconsin Department of Health Services, Division of Public Health, which will be used for Emergency Medical Dispatch training and salary and increase the following Law Enforcement Communications cost centers: Intergovernmental Revenue by \$5,964, Salaries by \$3,409 and Travel/Training by \$2,555, as noted on the attachments.

Supervisor Patience moved, seconded by Supervisor Grady, for adoption.

ROLL CALL: 32 aye, 4 absent. RESOLUTION NO. 23—2019-20 IS ADOPTED.

Ordinance No. B—2019-20 – Finance Committee. Approve creation in the Outagamie County Code of Ordinances of Article VIII of Chapter 22 – Finance and Taxation entitled, “County Sales and Use Tax,” of one-half of one percent, language as noted in the ordinance. The purpose and goal of enacting tax is to

utilize net proceeds to directly reduce the property tax levy of Outagamie County and a portion of which (up to maximum of 15%) will be shared with qualifying municipalities and school districts within Outagamie County. If approved, this Ordinance shall become effective January 1, 2020.

Supervisor Sturn moved, seconded by Supervisor Dillenberg, for adoption.

Supervisor Duncan moved, seconded by Supervisor VanderHeiden, to amend Ordinance B as follows to add language that: "the sales tax relief shall be used for property tax relief until 2029 at which time this ordinance will sunset". Corporation Counsel reported that the amendment must include language after the word sunset, "unless earlier repealed by a future board." as the amendment cannot bind a future board's choices. Supervisor Duncan and the second agreed to the addition of language.

ROLL CALL on the amendment: 8 aye, 24 nay, 4 absent. AMENDMENT IS DEFEATED.

Supervisor Klemp moved to hold the Ordinance, seconded by Supervisor Wegand, to hold Ordinance B until the next meeting in June.

Supervisor Spears questioned when the ordinance would need to be adopted. CC Guidote reported Sept. 1, 2019. Additionally, Supervisor Spears queried about whether future defining resolutions of how the revenue should be used could be adopted. CC Guidote reported that defining resolutions would be a recommendation to the County Executive as the Board cannot bind the County Executive to certain budgeting parameters.

After hearing discussion, Supervisor Wegand rescinded his second to the tabling motion. CC Guidote reported that he could not rescind his second as the motion is on the floor.

Chairperson Nooyen stepped down from the chair to speak. Supervisor Hagen took the chair.

Chairperson Nooyen retook the chair.

ROLL CALL on tabling to the first meeting in June: 3 aye, 29 nay, 4 absent. MOTION DEFEATED.

Supervisor Klemp questioned the impact of passing the ordinance. CC Guidote reported that if Ordinance B passes, the Board passes a .5% sales tax with proceeds shared with municipalities. The ordinance does not address a recommendation to the Executive of how the proceeds the Board recommends should be spent. A separate resolution could be adopted as a recommendation to the County Executive, who may include those recommendations into his developed budget. However, the County Executive may develop a budget how he sees fit and the Board then votes on the recommended budget or amends the recommended budget.

Supervisor VanderHeiden questioned conditions with municipalities spending. CC Guidote reported the County Board can put conditions on the monies, one of which should be a condition that they will reduce their tax levy as that is required by Wisconsin Statutes. Other conditions can include infrastructure and public safety, which all municipalities including school districts could qualify for in addressing how the revenues are spent.

After a lengthy debate, Supervisor Duncan moved, seconded by Supervisor Patience, to call for the question.

ROLL CALL on calling the question: 10 aye, 22 nay, 4 absent. MOTION DEFEATED.

Chairperson Nooyen stepped down from the chair. Supervisor Hagen took the chair.

Chairperson Nooyen retook the chair.

ROLL CALL: 28 aye, 4 nay, 4 absent. ORDINANCE NO. B—2019-20 IS ADOPTED.

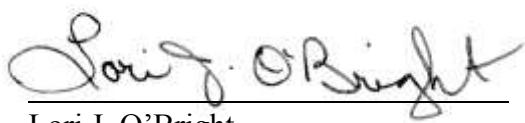
Chairperson Nooyen thanked everyone attending and their patience.

REPORTS – None.

ADJOURNMENT

Supervisor Buchman moved, seconded by Supervisor Peterson, to adjourn until June 11, 2019, at 7:00 p.m. VOICE VOTE CARRIED UNANIMOUSLY.

The meeting adjourned at 10:57 p.m.



Lori J. O'Bright