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Column: Wausau needs to stop burying policy changes, council needs more control

Shereen Siewert

5–6 minutes





By Keene Winters

Do you feel a chill? You should. That’s what happens when a door has been left open.

Over the past six years, Wausau city staff have been quietly and diligently working behind the scenes on building backdoors to get around the levy limits and raise your taxes. One of those doors is the Wausau Water Works transfer payments to the city’s General Fund.

To be fair, many municipal utilities make payments in lieu of property taxes (aka PILOTs) to their respective local governments. Historically, Wausau’s utilities made one of these voluntary transfer payments at a rate of between 4% and 5% of revenue – a reasonable sum. That meant that a little less than 1-in-20 rate dollars collected by the utilities were forwarded to the city.

WATER & WASTEWATER UTILITY TRANSFER PAYMENTS TO THE CITY 2010-2016

	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Budget
Water Utility PILOT	\$0	\$0	\$0	\$0	\$25,000	\$40,000	\$0
Sewer Utility PILOT	\$450,000	\$450,000	\$450,000	\$450,000	\$475,000	\$490,000	\$450,000
Total PILOT	\$450,000	\$450,000	\$450,000	\$450,000	\$500,000	\$530,000	\$450,000
Water Utility Revenues	\$4,638,403	\$4,686,497	\$4,820,090	\$4,641,339	\$4,524,815	\$5,251,302	\$5,653,420
Sewer Utility Revenues	\$4,350,483	\$5,589,197	\$5,481,316	\$5,346,359	\$5,399,921	\$5,350,879	\$5,215,900
Total Utility Revenues	\$8,988,886	\$10,275,694	\$10,301,406	\$9,987,698	\$9,924,736	\$10,602,181	\$10,869,320

	2010	2011	2012	2013	2014	2015	2016
PILOT as a Percent of Utility Revenues	5.01%	4.38%	4.37%	4.51%	5.04%	5.00%	4.14%
	4.63% Average						
Source: City Budgets	From 2010 to 2016, the PILOT took less than one in twenty dollars of the water works revenues.						

But something happened in 2016 – something that was not in the 2016 budget. An extra million dollars got transferred from the utilities to city coffers, effectively tripling the “take” of ratepayer’s monies to between 13% and 15%. The looting had begun. Now more than one in eight rate dollars collected by the utilities were being handed-over to the city treasury.

WATER & WASTEWATER UTILITY TRANSFER PAYMENTS TO THE CITY 2016-2022

	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Projected
Water Utility PILOT	\$1,074,638	\$1,086,967	\$1,130,662	\$1,119,087	\$1,279,488	\$1,516,365	\$2,010,000
Sewer Utility PILOT	\$450,000	\$498,045	\$485,249	\$525,098	\$528,211	\$539,002	\$525,604
Total PILOT	\$1,524,638	\$1,585,012	\$1,615,911	\$1,644,185	\$1,807,699	\$2,055,367	\$2,535,604
Water Utility Revenues	\$5,462,495	\$5,392,074	\$7,390,025	\$5,806,390	\$7,200,795	\$7,691,418	\$7,562,000
Sewer Utility Revenues	\$5,377,118	\$5,399,851	\$6,760,824	\$6,196,656	\$8,670,633	\$8,223,242	\$9,587,726
Total Utility Revenues	\$10,839,613	\$10,791,925	\$14,150,849	\$12,003,046	\$15,871,428	\$15,914,660	\$17,149,726
PILOT as a Percent of Utility Revenues	14.07%	14.69%	11.42%	13.70%	11.39%	12.91%	14.79%
	13.28% Average						
Source: City Budgets	From 2016 to 2022, the PILOT took more than one in eight dollars of the water works revenues.						

A municipality should not be taking a double-digit bite out of any business’ income—especially not a non-profit whose sole purpose is to serve the citizens of that community.

Unfortunately, that transfer of cash is set to grow by a lot. The statutory limit on the PILOT is a formula that applies the city’s tax rate against the value of the utilities’ property. After this massive build-out, those values will skyrocket, taking the cap on these type of transfers in Wausau to the moon.

This transformation has been well-hidden from the public view. For instance, a person has to go to page 171 of the 2023 city

budget, look at the budget for the water system and understand that the line labeled “Other Financing Uses” is the pass-through amount from utility to the city. Then, he or she needs to go to page 172 and look up the number for the wastewater system and add them together to see what the PILOT is. And, if a person really wants to understand what is going on, he or she has to go look at those numbers in past budgets. It’s a daunting task. And, burying policy changes like this deep in the budget is one way how the staff works around the city council and the public.

Do you think that doesn’t happen? This year, council members were told they needed to authorize borrowing to bail out the Motor Pool Fund or the city would not be able to keep its fleet of vehicles and rolling stock going. What was not highlighted by the staff was that the previous year’s budget authorized the Motor Pool Fund to spend \$7,098,584 while only charging back city department \$3,975,000. Consequently, the previous year’s council was duped into under-charging department budgets and creating the need for the desired cash infusion in the first place.

How about the recent incident of city staff lobbying the state legislature for a special law allowing Wausau to exceed the Tax Incremental Financing limit without telling the council? You can read about it [in this publication](#). Clearly, there is some confusion on who makes policy at city hall.

What should be done? The council needs to start taking its policy-making role back from the staff. On Thursday, Jan. 5, the Executive Committee is meeting and has relevant items on its agenda to discuss these matters. It should recommend that the Finance Committee immediately take up the creation of an ordinance that limits the transfer payments from the Wausau Water

Works to the City of Wausau to no more than 5% of water works actual revenue. Anything more is just gouging to the ratepayers.

The ordinance would accomplish three important things. First, it would send a signal to current and future bond-holders that the city has prioritized the repayment of its utility debt and will not be scheming to divert even more water and sewer revenue to the City's General Fund. Secondly, it would drop the pending water bill rate increase from 65% to somewhere between 50% and 55% — a welcome bit of relief in these inflationary times. Thirdly, it would put the city council back in control of these taxing and spending decisions. There would be a line that the staff could not cross without explicitly seeking council approval. The door would be closed.

Granted, this is likely to require some belt-tightening in 2023. However, it is much better to bring this under control now before the numbers get even larger.

Watch this vote carefully. It will tell you which council members are concerned with good governance and constituents' well-being and which ones have lost all perspective on their role as elected servants of the people.

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