

CITY OF WAUWATOSA

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BUDGET & FINANCE COMMITTEE MEETING

Tuesday, September 14, 2004
Committee Room #2

PRESENT: Aids. Casey, Grimm, Herzog, Jenkins, Maher, McCarthy, Stepaniak – 7

EXCUSED: Ald. Bruderle-Baran

ALSO PRESENT: T. Wontorek, City Admin.; A. Kesner, City Atty.; R. Braier, Finance Dir.; Chief D. Redman, Fire; N. Welch, Comm. Devel. Dir.; W. Wehrley, City Eng.; J. Cameron, Admin. Intern

Ald. Grimm as Chair called the meeting to order at 8:05 p.m.

Federal Emergency Management Agency (FEMA), Assistance to Firefighters Grant Program (AFGP)

Chief Redman said the Assistance to Firefighters Grant Program (AFGP) sets aside funds for grants directed toward fire prevention programs. He would like to submit a request that would enhance the department's fire prevention programs for older citizens and pre-school children. The exact request is not prepared, but the total project estimate is between \$10,000 and \$20,000. The AFGP funds 90% of approved programs. They would like to purchase some audio visual equipment and print materials and have a more active fire extinguisher program. There are no staff costs. He added that the city would be required to provide 10% matching funds that would amount to between \$1,000 and \$2,000. They would be able to identify the matching funds within their own budget and shift funds from other items to cover that amount.

Moved by Ald. McCarthy, seconded by Ald. Maher to authorize the fire department to apply for the FEMA Assistance to Firefighters Grant Program --

Ald. Maher asked about the length of the grant. Chief Redman responded that the grant is for one year; however, the program will be in place at the end of that year and all they would have to replace is the printed materials.

Vote on the motion was Ayes: 7

Temporary crossing guards at W. Clarke and N. 91st Streets

Mr. Wontorek said this is a request to charge the cost of a temporary crossing guard for Christ King school to the Reserve for Contingencies. The Traffic and Safety Committee recommended approval of this proposal. The City of Milwaukee is reconstructing W. Center Street from Swan Blvd. to N. 76th Street. As a result of the construction, the intersection of W. Center and N. 91st Streets is closed. The construction is scheduled to be completed by October 31, 2004. He said that Christ King school allows parents to enter the playground/parking lot from Swan Blvd. to the north of the school to drop off students. The traffic exits onto N. 91st Street and, because of the construction, all vehicles exit south and turn in any of 3 directions at the intersection of N. 91st Street and W. Clarke Street. A number of students who walk to school also use this intersection. He said the situation is temporary and should resolve itself by the end of October. The cost would be \$1,200 and would be charged to the Reserve for contingency. He recommended approval.

Ald. Jenkins asked if there was any possibility that this request might be extended. Mr. Wontorek said the school has assured him that there will be no extension.

Moved by Ald. Jenkins, seconded by Ald. McCarthy to recommend approval of the temporary crossing guard at W. Clarke and N. 91st Streets --

Ald. Casey expressed appreciation for the work the staff has done on the budget that has made it possible to provide this type of help.

Ald. Stepaniak asked about the volume of pedestrian traffic at different times of the day. Mr. Wontorek said the lunch hour is no a problem because the adults accompany the children.

John Horky, 2551 N. 84th Street, said the intensity of children at lunch time is not what it is in the morning or afternoon.

Vote on the motion was Ayes: 7

Amendment No. 9 to agreement for real estate services for Phase 3 of the Wauwatosa Flood Mitigation Project

Ms. Welch said the city has signed an Intergovernmental Agreement with the Metropolitan Milwaukee Sewerage District (MMSD) to acquire properties for the Hart Park Flood Mitigation Project. MMSD provides the funding for the acquisition and relocation expenses. The City of Wauwatosa oversees the process and becomes the owner of all properties acquired. The city has hired the HNTB Corporation to complete the acquisition and relocation process.

Ms. Welch said all of the properties identified in the contract have been acquired and demolished with the exception of one property on N. 71st Street. Originally, the city anticipated closing on the 71st Street property by the end of 2003 so demolition could proceed as soon as possible. As part of the relocation agreement for that property, the city constructed a new facility for the American Senior Living Center, LLC (ASLC). During the design and construction phases, the ASLC requested several changes that added to the cost of the project. An agreement was negotiated that required them to pay for additional expenses beyond the original contract amount. At this time, the city has not received the full amount needed to cover the additional expense created by the changes requested by ASLC. As a result, the city has not made a final payment to the contractor, Selzer-Ornst.

Ms. Welch said ASLC has delayed scheduling a closing and is refusing to pay for all requested change orders. Earlier this year, the consultant allowed ASLC to move into the new facility prior to closing. The old building has been vacant since the early part of the year, but the city has been unable to proceed with the demolition because of the delay in closing on the property. The contract amendment covers additional expenses incurred by the consultant while attempting to resolve this issue. She said the contract amendment will be \$9,500 for a total of \$545,029 in contract costs. All expenses will be reimbursed by MMSD according to the conditions of the Intergovernmental Agreement so there will be no cost to the city.

Moved by Ald. Casey, seconded by Ald. Jenkins to recommend approval of Amendment No. 9 to the Agreement for Real Estate Services for Phase 3 of the Wauwatosa Flood Mitigation Project – 7

Wauwatosa Economic Development Corporation (WEDC) designation as a Community Based Development Organization

Ms. Welch said the Wauwatosa Economic Development Corporation (WEDC) asked to be designated by the city as a Community Based Development Organization (CBDO). This designation will allow them to use Community Development Block Grant (CDBG) funds for a wider range of projects. According to HUD regulations, a CBDO may use CDBG funds to carry out a neighborhood revitalization, community economic development, or energy conservation projects that may not otherwise be eligible. As a CBDO, WEDC would still apply for CDBG funds from the city via the Consolidated Planning process. The primary difference would be that WEDC could issue their own contracts for CDBG funded projects and would be responsible for submitting all the required reports. The designation does not allow WEDC to claim CDBG funds without Common Council authorization of that item in the Consolidated Plan. There is no fiscal impact.

Matthew B. Mikolajewski, Economic Development Coor., WEDC, 1430 Underwood Avenue, said CBDO funds can be used for certain activities where CDBG funds are prohibited.

Ald. Stepaniak said he is a member of the WEDC board and very much in favor of this kind of option. It provides additional flexibility for the WEDC and the city. An added advantage is that the city still retains control. He urged support for the CBDO designation.

Ald. Maher asked about the benefits of this designation. He asked for concrete examples of particular projects that CDBG wasn't able to pursue that the CBDO could. Mr. Mikolajewski responded that the impetus for the switch in designation was the property located at 72nd and Center Streets. The city had earmarked CDBG funds for that site and then realized that those funds could not be used; however, they could use CBDO funds. The next time a situation like that presents itself the WEDC can respond.

Ms. Welch added that CDBG money cannot be used unless accompanied by a CDBO. The designation expands the city's ability to create certain types of housing. She reiterated that the city still retains the oversight.

Mr. Kesner noted that this item only pertained to designation. Individual CDBG projects will be looked at separately.

Moved by Ald. Maher, seconded by Ald. Casey to recommend approval to designate the Wauwatosa Economic Development Corporation (WEDC) as a Community Based Development Organization (CBDO) – 7

Sale of additional STP credits to the Village of Butler for the reconstruction of N. 124th Street from Ruby to Hampton Avenues

Mr. Wehrey said the Village of Butler is requesting to purchase additional STP credits from the City of Wauwatosa for the design and reconstruction of N. 124th Street between Ruby and Hampton Avenues scheduled for 2005. The project is eligible for partial funding with Department of Transportation (DOT), STP urban monies. In 2002 the City of Wauwatosa and the Village of Butler entered into an agreement for the above project. Part of that agreement included selling Wauwatosa STP credits to the Village of Butler at the rate of \$.75 on the dollar. At the time it was estimated that the Village of Butler would need \$600,000 of Wauwatosa's STP credits. The sale of that amount of credits would net revenues to the City of Wauwatosa of \$450,000. The Village of Butler currently estimates that they could utilize credits in an amount in excess of \$775,000. Currently the City of Wauwatosa receives approximately \$1 million in STP credits per biennium. He said the city has more flexibility with the dollars generated by the sale of STP credits because those dollars can be used on a wider range of capital projects.

Ald. Maher asked why the city would receive so many credits. Mr. Wehrley responded that the dollars in the form of STP credits are provided by the DOT. These credits are earmarked for specific capital projects. By selling some of the STP credits, the city receives money that can be spent on projects determined to be higher in priority. Mr. Kesner added that if the credits are not used on needed capital projects, they will just go unspent.

Mr. Wehrley said many communities have a negative balance of STP credits. Wauwatosa has enough to be able to do this type of sale.

Moved by Ald. McCarthy, seconded by Ald. Stepaniak to recommend approval of the sale of STP credits to the Village of Butler – 7

Unfunded Liability with the Wisconsin Retirement System

Mr. Braier said the city's unfunded pension liability with the Wisconsin Retirement System (WRS) is experiencing compounding growth on an escalating basis. WRS charges the city 7.8% interest on its outstanding balance which is currently approximately \$10 million. The city's payment toward the unfunded liability balance each month is approximately 50% of the accruing interest charge. The annual interest charge of 7.8% will be levied on January 31, 2005. Payment of the balance prior to January 31st, will eliminate the interest charge for 2004 or \$785,756. The 2005 budget includes payments to the WRS of approximately \$364,000 for the unfunded liability. Payment of this balance prior to January 31st, will also eliminate this payment. He has requested and received approval from the Board of Commissioners of Public Lands, for an exception to their lending limit for the city, from \$5 million to \$10 million. This exception applies to the unfunded liability issue only and has been approved for the year 2004. The interest rate would decrease to 5.25%, but will likely rise in the near future. Annual P & I payments for this rate for a twenty-year period would be \$819,523.

Mr. Braier said he has also solved the problem of losing some transportation aids from the State when the retirement benefit costs are replaced with debt service. The new debt service can still be treated as a retirement cost and be allocated to the various departments as a fringe benefit. These costs will remain eligible for the transportation aid reimbursement formula. He said this issue needs to be addressed this year. The State can be reimbursed in two ways. The first option is that The Trust Fund Loan program has authorized a full \$10 million with interest of approximately 5% over the next 20 years. The second option is a proposal to have the Redevelopment Authority release bonds for property the city could then lease. For example, the Redevelopment Authority could purchase Hart Park from the city and then the city could lease Hart Park from them.

Ald. Maher thought that the Trust Fund Loan Program option would be the best for the city. He questioned why the unfunded liability hasn't shown up in the budget. Mr. Braier explained that the unfunded liability wasn't included until about a year ago with the advent of the Government Accounting Standards Board, Statement #34 (GASB 34). It will be a hard liability as of the past year.

Ald. Herzog asked about the status of the \$400,000 that is the currently allocated liability payment for this year. Mr. Braier responded that normally the city would pay the State in January 2005. According to the plan using the Trust Fund Loan Program, the city would not have to make a payment until January 2006. The approximate \$400,000 payment would be carried forward in 2006 and would equal approximately \$800,000 in the year 2007 and going forward for a 20 year period. The city can also opt to pay off the debt in 30 years, but increasing the number of years also increases the payments. He recommended that the city pay off the unfunded liability with one of the two options. He added that with the first option, the city can prepay the state at any time during the 20 year period. With the second option, Hart Park would be under the control of the Redevelopment Authority for 30 years.

Alds. Stepaniak, Herzog and Casey concurred that the Trust Fund Loan Program was less complicated and easier to pay off. Ald. Herzog added that the other advantage to the Trust Fund Loan Program is that it can be paid off at any time.

Moved by Ald. Stepaniak, seconded by Ald. Maher to recommend approval to apply to the State Trust Fund Loan Program for the amount of \$10 million for the purpose of paying off the unfunded liability balance with the Wisconsin Retirement System (WRS) – 7

Vouchers

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
J. McGuire	\$193.63	Health – 8/30-8/31/04 – Stevens Point Annual Public Health Nursing Conference
T. Estness	\$367.40	Mayor – 8/18-8/20/04 – Green Bay League of WI Muni. – Chief Exec. Workshop
W. Ramcheck	\$1,414.41	Pub. Works – 8/21-9/1/04 – San Francisco, CA National Recycling Coalition Conference

Moved by Ald. Casey, seconded by Ald. McCarthy that the vouchers be allowed and paid – 7

The meeting adjourned at 9:04 p.m.

Carla A. Ledesma, City Clerk
City of Wauwatosa

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