

BUDGET & FINANCE COMMITTEE MEETING

Tuesday, November 29, 2005

Committee Room #2

PRESENT: Aids. Bruderle-Baran, Casey, Grimm, Herzog, Jenkins, Maher, Purins, Stepaniak – 8

ALSO PRESENT: Ald. Treis; T. Wontorek, City Admin.; A. Kesner, City Attorney; B. Aldana, Asst. City Atty./Personnel Admin.; R. Braier, Finance Director; J. Plass, Accounting Mgr.; W. Kappel, Pub. Works Dir.; Capt. J. Reit, Police; J. Wojcehowicz, Water Supt.; J. Tshudy, Acct./Bus. Mgr.; C. Ledesma, City Clerk; C. Thomas, Payroll & Benefits Mgr.

Ald. Bruderle-Baran as Chair called the meeting to order at 8:07 p.m.

Polling place accessibility improvement grant

Ms. Ledesma said she would like to accept a 100% reimbursable grant from the State Elections Board. The Wisconsin Election Board has grant money available to reimburse municipalities for the cost of equipment purchased to mitigate physical barriers at voting locations. She had applied for approximately \$1,300 through the Polling Place Accessibility Improvement Grant for equipment the city was required to purchase. The State Elections Board notified her that the application funds were approved. As this is a reimbursement, she recommended that the grant be accepted and the necessary paperwork be filed.

Moved by Ald. Casey, seconded by Ald. Purins to accept the polling place accessibility grant – 8

Status of Medicare Part D for eligible retirees

Ms. Thomas said that Medicare Part D becomes effective January 1, 2006. The city's labor agreements require that the city provide the same health insurance plan to qualified retired employees as is provided to active employees. They have decided to offer another option in light of Medicare Part D. The city will offer its medical plan without prescription drug coverage for retirees who want to take Medicare Part D. Eliminating the prescription drug coverage reduces the monthly cost of coverage through the city by \$136.53 for a single Medicare eligible retiree. Retirees choosing Medicare Part D would also have to pay for some of their prescriptions via a \$250 deductible and a cost of approximately \$30 per month.

Ald. Herzog asked if retirees can switch to Medicare Part A. Ms. Thomas said they can switch at no cost, but they must purchase Medicare Part B and then they have the option to purchase Medicare Part D. Drug costs seems to be the deciding factor.

It was the consensus of the committee to accept the report.

Resolution authorizing health and dental rates effective January, 2006

Ms. Thomas said the city's health insurance consultant Health Care Systems Consultants reviewed recent activity in the self-insured health plan administered by Auxiant. Based on currently available data, they recommend the following increases in ghost rates: 1) single old plan 14%; 2) single new plan 7%; 3) family old plan 18%; and 4) family new plan 11%. The health claims trend is about 12%. Ms. Thomas said they are probably seeing the last claims from the old plan which inflated their numbers and it is also the beginning of a stop loss year. She hoped this trend levels out; however, they have to base their numbers on their current experience. United Healthcare (UHC) initially estimated their increase to be 12%, which is the percentage that

was used in creating the budget. After discussions with HCSC, UHC renewed at 8% for the old plan and 5.9% for the new plan. She said the city's self insured dental rates will continue for another year. Care-Plus (a dental HMO) increased their rates 10%. Dentacare, which significantly reduced its covered benefits beginning in 2003, renewed with a 7% increase. She recommended adopting the proposed 2006 health and dental rates.

Moved by Ald. Stepaniak, seconded by Ald. Jenkins to recommend approval of the 2006 health and dental rates – 8

Purchase of 8 Panasonic Tough Book notebook computers and accessories

Capt. Reit said this is the second phase of a two phase computer replacement program for the squad cars. These items were approved for the 2005 fiscal budget readjustment. They will be obtained through the State of Wisconsin contract. The cost includes all the related accessories. He recommended purchase of the 8 Tough Book computers with the necessary hardware for a total cost not to exceed \$39,824.

Moved by Ald. Purins, seconded by Ald. Herzog to recommend approval of the purchase of 8 Panasonic Tough Book notebook computers with the necessary hardware for a total cost not to exceed \$39,824 – 8

Purchase of 18 TASER electroshock guns and associated equipment

Capt. Reit said the police department implemented a pilot program in February 2005 with two TASERs. They were impressed with their performance. The TASER provides a safer, more effective tool for law enforcement officers facing violent situations that pose threats to their safety. They are reliable, more effective than pepper spray, rubber-bullets, beanbag rounds and other use of force options. The system also keeps accurate data of its use providing reliable records to shield officers from false claims and to record criminal use of TASER devices as evidence. With the purchase of 18 TASERs, this would bring their number on the street to 20. They will be checked in and out. He added that Cities and Villages Mutual Insurance Company (CVMIC) approves the use of the TASER. The police department would like to expand the program. There is sufficient funding for this purchase from the 2005 fiscal budget readjustment. He recommended the purchase of 18 TASERs and related equipment from Ray O'Herron, the only Wisconsin authorized representative for TASER products, at a cost not to exceed \$20,232.

Moved by Ald. Jenkins, seconded by Ald. Casey to recommend approval of the purchase of 18 TASER electroshock guns and related equipment from Ray O'Herron at a cost not to exceed \$20,232 --

Ald. Casey noted that this is a good alternative to the use of force. He also asked about the training. Capt. Reit said that 8 officers have been trained so far.

Vote on the motion was Ayes: 8

Ald. Grimm left at 8:25 p.m. (- 7)

Professional services to analyze the HVAC system for the telecommunications and computer server room in the police department emergency dispatch center

Capt. Reit said they have been aware of the problem for several years. In the initial 1993 building design of this space, a separate HVAC unit was proposed. This was to facilitate existing and future needs that would accommodate electronic equipment critical to the police department dispatch center. This proposal made by a designer was removed from the project due to cost considerations. Three years ago heat and humidity conditions in this space began to cause occasional equipment failure and the funding of the design study was requested in subsequent budgets. Lack of funding due to budget considerations along with more critical priorities pushed the

design study funding to the 2006 budget. The installation costs of a new HVAC unit based on the design study was to be included in the 2007 budget.

Capt. Reit said the installation of a new computer server has substantially increased the heat gain in the space. If the HVAC problem is not addressed immediately it could cause a system failure which could have a serious impact on the general safety of the community and the police department. He said that funding could be provided through the Reserve for Contingencies. He noted that partial reimbursement may be available from police department surpluses in major purchase funding approved in the 2005 re-estimate of the budget. The service should not exceed a cost of \$25,000 for the design and installation of the HVAC unit.

Ald. Stepaniak asked about the amount that would be available from surplus. Capt. Reit said it was not a considerable amount, but he didn't have an exact figure. Ald. Stepaniak said he would like to have a solid picture of the cost of the project.

Ald. Purins said that usually the environmental needs are taken into consideration when these systems are set up. He would like to know that future needs are being considered.

Ald. Maher asked about the cost for the design separate from the installation. Mr. Wontorek said the estimates for the design and engineering work range from \$2,500 to \$5,000.

Moved by Ald. Maher, seconded by Ald. Purins to recommend approval of the allocation of up to \$5,000 from the Reserve for Contingencies for a design and engineering study of the HVAC system for the dispatch center in the police department – 7

Request for Proposals (RFP) for flood proofing for the Parks Administration and Muellner Buildings

Mr. Kappel said that due to the historical significance and local importance of the Parks Administration and the Muellner Buildings, the decision was made to protect the buildings from flood waters instead of razing them. The Milwaukee Metropolitan Sewerage District (MMSD) has agreed to fund the design and construction of the flood proofing as part of their overall Menomonee River Flood Water Management project. He would like to issue a Request for Proposals (RFP) for the design of flood proofing for these two buildings. The city's Intergovernmental Cooperation Agreement (ICA) with MMSD provides up to \$900,000 of MMSD funds for the design and construction of the flood proofing measures. They have also applied for a Department of Natural Resources (DNR) Municipal Flood Grant in the amount of \$800,000 for the project. This grant has a 70% DNR and 30% local match. MMSD funds may be used for the local share of the DNR grant provided that it deals strictly with the flood proofing of the two buildings. They will also be reviewing the concept of capturing and storing rain water and later using it as irrigation water for Hart Park. They have applied for a DNR Urban Non-point Source and Stormwater Construction Program Grant in the amount of \$299,300. This grant requires a 50-50 cost share split. He recommended issuing a qualifications-based RFP for professional services for the above work.

Moved by Ald. Maher, seconded by Ald. Jenkins to recommend approval for staff to issue a qualifications-based RFP for professional services for flood proofing the Parks Administration and the Muellner Buildings --

Ald. Maher asked if there was a discussion during the 2005 budget regarding replacing the doors on the Muellner Building. Mr. Kappel said they did replace one door that was in very bad shape. He noted that during the last flood the basement was inundated and some of the first level was flooded as well. The flood did not do much damage to the Parks Administration building.

Mr. Kesner noted that with the new hydrology of the Hart Park project they would need to fill up to two feet higher than the current level.

Mr. Kappel said the RFPs will be done for the DNR. They have had discussions with MMSD and the estimated cost for a flood wall was over \$1 million. Through negotiations they asked to be able to go forward with an engineering study done through the city with the stipulation that the study would have to be acceptable to MMSD in order to obtain reimbursement. He said they have talked about relocation of the buildings and levee walls. Another idea is to capture the water in an underground cistern. They are not ready to say which options will be best. He noted that there are no expenditures attached to the request.

Ald. Casey stressed that the city has made a strong commitment to the Muellner Building and the complex has historic character. It is also a center for many community events. He agreed that the Parks Administration does not play the same type of role and there might be other alternatives.

Vote on the motion was Ayes: 7

Resolution authorizing road salt purchases for 2005-06 snow season

Mr. Kappel said the department is seeking authorization to purchase off the state contract any additional road de-icing salt that may be needed for the 2005-06 snow season. He recommended the purchase of the road salt at a price of \$30.24 per ton.

Moved by Ald. Casey, seconded by Ald. Jenkins to recommend approval of the purchase of road salt for the 2005-06 snow season at a cost of \$30.24 per ton – 7

Carryover of funds for installing a security system and upgrading the lighting system at the public works building

Mr. Kappel said that these are two projects the department wishes to complete next year. The security system did not get installed earlier because the Chief Building Inspector was unable to secure the funding to redo the city hall security system. They would like to have the same system in both complexes. There is funding for the city hall complex revisions in the 2006 Operating Budget. The department has \$10,000 in the 2005 budget for this purpose.

Mr. Kappel said the lighting project at \$101,500 was first approved with the passage of the revised budget on November 15, 2005. They intend to replace the existing system with one that is more energy efficient. They do not feel there is adequate time in 2005 to get a Request for Proposals (RFP) together and bid the project in order to encumber the funds by the year end deadline. The funds already exist in the 2005 Operating Budget. This would enable the department to carry the funds into 2006 to complete the projects. He recommended carrying over the funds from the 2005 Operating Budget in the Public Works Building Equipment account into 2006 for the purposes of installing a security system at the public works building at a cost of \$10,000 and upgrading the lighting system at the cost of \$101,500.

Moved by Ald. Casey, seconded by Ald. Maher to recommend approval to carry over funds from the 2005 Operating Budget in the Public Works Building Equipment account into 2006 for the purposes of installing a security system in the public works building at a cost of \$10,000 and upgrading the lighting system at a cost of \$101,500 – 7

Ald. Grimm returned at 8:44 p.m. (-8)

Report on conference attendance

Mr. Wontorek said that requests for funding to maintain memberships in professional organizations and to attend national conferences are included in the annual budget. Once the legislative action on the budget is

approved by the Common Council, the expenditure of funds within the budget, including those for travel and conference, are completed administratively. Attendance at such conferences includes a registration fee, hotel and meal costs and travel. The Budget and Finance Committee, as a legislative committee with oversight of the expenditure of funds, has requested, and the staff provides, a summary of the expenditure after the conference as part of the "Vouchers" portion of the committee agenda. There has been a request that staff provide the committee written reports regarding an individual's conference attendance. It seems that in the past, such reports have been requested by and provided to the City Administrator. There is no record of travel reports being provided to the legislative committee. He recommended continuing the existing practice regarding financial approval and reporting of expenditures at in-state and out-of-state conferences.

Ald. Grimm said he would like to reinstate the practice of employees sending a report on their conference attendance to the committee. He added that it doesn't have to be a long process.

Ald. Herzog was concerned that once a report comes to the committee it is after the fact and the committee can't do anything about it. Ald. Grimm said that at least the committee can know what the employee did for the money.

Ald. Herzog asked if the report should come to the committee as a monthly report, as a memo or a line item. He added that perhaps the committee should get to vote on allowing the attendance before the conference is held.

Ald. Jenkins said he assumed the department heads are addressing these requests as they arise.

Ald. Stepaniak thought the City Administrator's recommendation was appropriate. He said that travel costs are a very minor percentage within the city's \$40 million budget. The Budget and Finance Committee is a policy making committee and things such as conference and travel should be handled administratively through the City Administrator.

Ald. Purins noted that when you belong to a national professional organization the agenda and locations for conferences are controlled by the organization. From a management standpoint conference and travel issues should be handled during the budget process. Once a budget is established, decisions can be made within the budget constraints.

Ald. Casey agreed saying that request for funding to maintain memberships and attend conferences are included in the budget discussions yearly. There have been times when that budget was reduced. If the conference is in-state the department head can make the decision if the conference is out-of-state the request would be reviewed by the City Administrator. Membership in professional organizations is very important to the professional growth of city employees and keeping them up-to-date in their fields.

Moved by Ald. Grimm, seconded by Ald. Herzog to request that a written report be submitted to the department head when an employee attends a conference which outlines what took place at the conference --

Ald. Jenkins noted that when an employee comes back from a conference they usually discuss what happened at the conference with the people in their department as well as their department head.

Vote on the motion was Ayes: 1, Noes: 7 (Bruderle-Baran, Casey, Herzog, Jenkins, Maher, Purins, Stepaniak)

Ald. Grimm left the meeting at 8:55 p.m. (-7)

Review of the 2006 Water Department Budget

Mr. Wojcehowicz said that although the utility is experiencing a reduced industrial customer base, they may add the new GE Healthcare headquarters, Burleigh Square and Walgreens. Once those projects go through, the utility will be talking with them about water service. The rate of increase in expenses was 0.3%. There was a 3% increase in the labor and equipment rates and the cost of fuel. They do not anticipate bonding in 2006. He said they have considered a rate increase, but would the increase be a simplified rate increase of approximately 3% or a full rate review. He said there were 72 water main breaks last year and currently they are at an all time low of 58 so they are making progress in that area. Services calls have increased because they are back to meter replacement. The meter replacement program is based on a 15 year cycle. He showed the committee equipment he had learned about at a conference on automated meter reading. With this system, there is no need to send personnel into the building or go into confined spaces to read meters. It is also a time saver because the meter reader can take a reading without going in the door. They would like to begin changing over the commercial properties. At this time of year the time saved could be used to put extra manpower to addressing water main breaks. He showed the committee the Tough Book notebook computers the department has been using. These computers, along with the GIS software, allow them to find the exact location of any trouble spots or leaks as they are reported.

Mr. Wojcehowicz said that the plans for Hart Park were still in process and estimated bids were extremely high. They have made upgrades to the telemetry system. Some of the problems they need to address are putting in an 8 inch water main on Wauwatosa Avenue and an exposed water main near Portland Bridge that needs to be encapsulated. The Potter Road facility has sprung a leak and the electrical service there is spotty. They will need a secondary system if Elm Grove's request for water goes through. He asked if a special assessment would be appropriate for the Briggs and Stratton property. He said they don't have the money available at this time.

Ald. Maher asked about the memo sent by Mr. Braier regarding the Capital Improvement plan for the Water Utility. He said that this information taps into the question of the utility's reserves. Mr. Braier said that one of the stumbling blocks for the department has been the loss of industrial customers. The budget plan cannot be executed the way they planned. In order to be able to borrow money they need to have revenue sufficient for the coverage ratio. This budget provides 1.4% for the existing debt. More debt would make the coverage ratio drop significantly. He recommended that the 2006 budget be adjusted to increase the Net Revenue calculation to a 1.5 coverage ratio and set a 1.75 target for 2007. He further recommended that the capital improvement and equipment purchase plan be revised to accommodate the adjusted Net Revenues. Capital outlays should only include necessary equipment replacements and main repairs associated with the city street improvement program.

Ald. Maher noted that Mr. Braier's recommendation that the budget be adjusted to increase the net revenue would mean that there needed to be a rate increase. Mr. Braier said either an increase in revenues or a reduction in expenditures would be needed. Ald. Maher said that last year he was concerned about dropping the reserve to \$1 million and now it is below that amount. He noted that there is an 11% loss in the water the city purchases due to leaking. Mr. Wojcehowicz said the average loss for a city the size of Wauwatosa is approximately 10%. Ald. Maher asked if anything can be done on through the capital program that could lower that percentage dramatically. Mr. Wojcehowicz said that as soon as the location of the leaks can be identified they are fixed; however, sometimes there may be a main break that will go directly into the sewer and go unnoticed for days. They do a city wide inspection, but leaks can crop up in an area days after the inspection is finished.

Ald. Maher said he had a problem with the form of the budget document in general. He would like to see long term issues and short term issues addressed. He would like to know what the utility is facing in the future. Mr. Wojcehowicz said that they have the 5 year Capital Improvement Plan, but they haven't gone further than 5 years. He added that water main replacement also depends on the road projects that are scheduled. He said they have a couple of financial options and in the budget document they have budgeted for the full rate increase.

Ald. Herzog asked about the status of the surplus. Mr. Braier said the surplus is a pot of money available for the utility. The plan was to spend the money on capital projects and replenish this fund; however, the fund can't be replenished anymore. His recommendation is to keep the surplus at a level that equals 6 months of operating income which would be approximately \$2.5 million.

Ald. Herzog asked if the item could be held for more information. Mr. Wojcehowicz said one of the issues he would like to address is the financial impact of a rate increase. The Water Utility Budget has to be resolved during the month of December.

Ald. Bruderle-Baran said she would like to see more specific information for the next meeting. Mr. Wojcehowicz said that when they put the budget document together they were not aware of the situation described in Mr. Braier's memo. He noted that there had been discussions earlier in the year about the bonding. Ald. Bruderle-Baran said they need a more reasoned analysis of how the utility can get the levels up so they can go out for bonding.

Ald. Stepaniak wanted information on how a rate increase would impact the budget along with a recommendation on how to address the problem. There will not be a lot of room on the expenditure side and on the capital side replacing various water mains needs to be integrated into this issue.

Mr. Wontorek said they need to pull this information together in order to determine how the utility will be able to bond in 2007. There is \$973,905 in surplus to fund capital projects. Part of the Cash Summary for 2006 does not include Community Development Block Grant (CDBG) eligible projects. Water main replacement and street paving may be CDBG eligible. He said a plan should be submitted before the end of December.

Ald. Purins said he would like to see an analysis of trends for the last 10 years with indicators that drive utilization such as population and budget.

It was the consensus of the committee to hold the item for two weeks.

Vouchers

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
A. Schmidt	\$286.25	Health – 10/4-10/5/05 – Wisconsin Dells Rabies Control Training
T. Karnick	\$306.01	Police – 10/17-10/20/05 – Bartlett, IL Supervising/Managing Field Trng Process
N. Welch	\$208.57	Comm. Devel. – 10/27-10/28/05 – Green Bay Speaker at WI League of Municipalities Conf.
D. Wheaton, W. Mainus, F. Knapp	\$150.00	Building – 11/9-11/10/05 – Milwaukee Building Code Certification
R. Harris	\$28.00	Comm. Devel. – 11/9-11/10/05 – Milwaukee HUD/CDBG Conference
L. Wolski	\$340.00	Fire – 11/10-11/11/05 – Lakeshore Tech. Coll. UST/AST Class
R. Kelly	\$70.00	Engineering – 11/16-11/17/05 – Asphalt Paving Conference

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
M. Maki, P. Pyne	\$989.72	Engineering – 11/14-11/16/05 – Madison Continuing Education
T. Sharpee	\$509.74	Police – 11/8-11/10/05 – Milwaukee Tactical Commanders Course
D. Davidson	\$43.21	Police – 11/08-11/10/05 – Appleton Managing Criminal Investigation Units
B. Jacobsen	\$35.00	Admin. – 11/1-11/22/05 – Milwaukee Database and Reporting Management (4 Tuesday mornings)
J. Beix	\$3,157.40	Consortium – 10/30-11/11/05 – Atlanta, GA Epidemiology in Action – 2 week course
E. Krueger	\$427.37	Consortium – 10/25-10/28/05 – St. Charles, IL MARPHLI Meeting
J. Beix	\$864.53	Consortium – 10/17-10/18/05 – Brookfield ArcGIS 1

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

The meeting adjourned at 9:35 p.m.

Carla A. Ledesma, City Clerk
City of Wauwatosa

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