

BUDGET & FINANCE COMMITTEE MEETING

Tuesday, January 2, 2007

Committee Room #2

PRESENT: Alds. Becker, Grimm, Krol, Hanson, Maher, Purins, Stepaniak – 7

EXCUSED: Ald. Ewerdt

ALSO PRESENT: Mayor Estness; Alds. D. Birschel, J. Didier, P. Donegan, T. Herzog, E. Meaux, J. Sullivan, T. Treis; J. Archambo, City Admin.; A. Kesner, City Atty.; B. Aldana, Asst City Atty./Personnel Admin.; R. Braier, Finance Dir.; W. Kappel, Pub. Works Dir.; Police Capt. J. Reit; Police Capt. D. Weiss; Police Lt. D. Leone; L. Nielsen, Pub. Health Nurse Supv.; C. Thomas, Payroll & Benefits Mgr.; W. Tarman-Ramcheck, Pub. Works Prog. Analyst; R. Stingl, Fleet, Traffic & Maint. Supt.; J. Schwab, Elec. Inspec.; W. Mainus, Bldg. Inspec.; S. Presnal, Plumb. Inspec.; W. Bayliss, Elec. Inspec.

Ald. Stepaniak as Chair called the meeting to order at 6:45 p.m.

Various grant requests from the Police Department

Capt. Reit said that in September 2005 the police department notified the committee of their intent to apply for reimbursement of \$203,271 from the Public Service Commission (PSC). The reimbursement would be for funds spent on technology and equipment necessary to receive caller information and locations from cellular 911 telephones. This is in accordance with the E-911 wireless surcharge legislation of 2003. After a review of the application, the PSC has granted the city a minimum award of \$117,084 which will be paid in quarterly checks totaling approximately \$10,000 ending January 30, 2009. He said there is a possibility that this award may be as high as \$154,000 depending on any qualified equipment that is purchased and installed in the future. The PSC has advised the police department that the application has been accepted and meets their standards for reimbursement. He said they were also informed that the PSC has received more requests than anticipated and do not know what percentage will be reimbursed or funded. He proposed that the reimbursements be re-invested into the public safety communications and computer infrastructure. He recommended acceptance of the grant and that the money be put in the appropriate police department accts.

Capt. Reit said the police department is requesting acceptance of a grant from the Wisconsin Department of Transportation (DOT) to offset costs of completing the TraCS electronic citation and crash reporting system. In December of 2005 the police department received permission from the committee to apply for and accept a Phase I DOT grant in the amount of \$20,000. This grant award partially covered costs for software interfaces needed to integrate electronic citation and crash reports into the Phoenix RMS software. The grant award fully paid for the hardware needed in the squad cars. This initial award did not fully cover the costs of the software interfaces so the department applied for a Phase II award for \$26,400 to completely cover the remaining interface costs. The DOT awarded those funds. There are no matching funds required. He recommended acceptance of this grant to pay Key Power International for the TraCS software interfaces they provided. This will complete the TraCS interface project.

Ald. Maher asked about the cost for the purchase of the equipment and the monthly payments. Capt. Reit responded that this is a reimbursement grant for equipment already purchased. He explained that some items are reimbursable up to 50% and some up to 100%.

Moved by Ald. Maher, seconded by Ald. Becker to recommend acceptance of the following grants: 1) award of a Public Service Commission (PSC) grant for the minimum amount of \$117,084 and a possible maximum of \$154,000 for future upgrades to public safety RMS/CAD software and Related cellular telephone, dispatch and mapping equipment; and 2) award of a Department of Transportation (DOT) grant in the amount of \$26,400 for the TraCS software interfaces provided by Key Power International – 7

Fund transfer from the Reserve for Contingencies to the Crossing Guard budget

Mr. Archambo said it is anticipated that the crossing guard Sundry Contractual Services account will have a shortage of \$11,442.39. A transfer from the Reserve for Contingencies is requested to cover this shortage. He said the city currently contracts with Twin City Security to provide crossing guard services. The budget for this account is \$182,000. Payments totaling \$188,112.06 have been made to Twin City Security in 2006. This places the account over by \$6,112.06. There is one payment remaining for 2006 in the amount of \$5,330.33. A transfer from the Reserve for Contingencies in that amount of \$11,442.39 will cover the shortfall for both payments. He said that in spring, 2005 all lunchtime crossing guard coverage was eliminated with the start of the 2005-2006 school years. Since 2006 was the first full calendar year with no noontime coverage, the expected savings was overestimated and the 2006 budgeted amount was inadequate to cover the actual costs. He recommended transferring \$11,442.39 from the Reserve for Contingencies to the crossing guard Sundry Contractual Services account.

Ald. Purins asked if the was city paying for additional services for other periods of time. Mr. Archambo said there hasn't been additional morning or afternoon hours.

Ald. Maher said he has raised concerns with contracting out for this service and he pushed to have the lunchtime service eliminated. [Jan. 11, 2007 - Ald. Maher requested the following wording be added to the minutes: "I was the one who pushed Mr. Kappel to conduct a thorough study of the issue and only afterward did I support the change."] He requested that more analysis be done on this program as a whole.

Moved by Ald. Maher, seconded by Ald. Hanson to recommend approval of a fund transfer in the amount of \$11,442.39 from the Reserve for Contingencies to the crossing guard Sundry Contractual Services account – 7

Proposed contract with RRT Design & Construction and fund transfer from the Reserve for Contingencies

Mr. Kappel said that since the fire in the transfer station they have been looking at all potential possibilities for the future of recycling in Wauwatosa. RRT Design & Construction (RRT) is looking at a proposed study for a regional recycling facility. They are also looking at the possibility of rebuilding the transfer station. He said his memo calls for transferring \$9,500 from the Reserve for Contingencies; however, the money could be taken out of their Sundry Contractual Services account and if the funds run short, they could go back to the Reserve for Contingencies at the end of the year.

Ald. Maher asked if there were any recyclables being processed. Mr. Kappel said only the recyclables that are being dropped off are being processed. Ald. Maher asked if that has resulted in a savings. Mr. Kappel said that if the city does not show a good faith effort to recycle, they could lose Department of Natural Resources (DNR) grant money. They are working closely with the DNR and providing additional waste drop off sites. They may have to add more drop off sites around the city. He noted that the residents are showing a desire to continue the recycling program.

Ald. Maher thought that a regional recycling facility was a terrific idea and that this would be a good instance to use funds from the Reserve for Contingencies.

Moved by Ald. Maher, seconded by Ald. Hanson to recommend approval of a professional services agreement with RRT Design & Construction (RRT) to do a recycling study and transferring funds from the Reserve for Contingencies in the amount of \$9,500 to cover the cost --

Ald. Krol asked if this funding needed to be taken from the Reserve for Contingencies when there is money in the recycling program Sundry Contractual Services account. He said the Recycling Committee has been looking at single stream recycling. RRT is not only a service provider, they are also product oriented. With single stream recycling, there wouldn't be a need for blue bags and there would be an increase in the amount of recyclables the city could collect. He felt that taking the money out of the Reserve for Contingencies was foregoing the budget process.

Moved by Ald. Purins, seconded by Ald. Krol to amend the motion to recommend approval of a professional services agreement with RRT Design & Construction (RRT) to do a recycling study and transferring funds from the recycling program Sundry Contractual Services account in the amount of \$9,500 to cover the cost --

Ald. Maher declined to change the intent of his original motion. He said that in the 3 years he has been on the Budget & Finance Committee he has had issues with other transfers from the Reserve for Contingencies; however, he noted that Wauwatosa has one of the most cost effective recycling programs and this request fits the litmus test for needing a transfer from the Reserve for Contingencies. Mr. Kappel estimated that there would be no cost effects from the incident and he noted that the Reserve for Contingencies was for unanticipated events such as the fire at the transfer station.

Ald. Krol felt that a lot of what is going to come out of RRT's study doesn't have anything to do with the fire at the transfer station. He noted that currently there is a 10 year agreement in place with Waste Management. RRT will provide some solutions that may be compatible with the Waste Management agreement. The study may have been accelerated by the fire, but it may also have been done anyway.

Vote on the amendment to the motion was Ayes: 4, Noes: 3 (Hanson, Maher, Stepaniak)

Vote on the motion as amended Ayes: 7

Interim plan and expenditures for Department of Justice mandated sanitary manhole repairs

Mr. Kappel said that he is seeking approval of an interim plan and expenditures for compliance with Department of Justice (DOJ) required sanitary manhole repairs. He said that on March 1, 2006, the Milwaukee County Circuit Court entered an order binding the City of Wauwatosa as part of a joint settlement between the 29 member communities of the Milwaukee Metropolitan Sewerage District (MMSD) and the State of Wisconsin. He said the 29 communities were taken to court because of sanitary sewer overflows. The stipulation requires among other things, inspection of each of the city's sanitary sewer manholes at least once every five years in order to identify any defects which may contribute to leakage. Correction of any defects must be made within eighteen months of discovery. An additional DOJ required item is the development, implementation and management of flow monitoring rain gauge systems and peak flow performance standards for sanitary sewers. Since the weather has been cooperating, he would like to get interim approval to award a service order agreement to allow the contractor to begin the rehab work.

Mr. Kappel said the proposed 2007-2011 Capital Improvements Program budgets \$750,000 annually for compliance. It is likely that future budgeted amounts will have to be altered as manhole inspection reports are completed and as peak flow performance standards are developed. He said the initial contract is just under \$200,000. He is asking approval to use capital funds to do the rehab this year. He added that another issue for further discussion is the question of whether this funding should be part of the operating

budget or the capital budget. Mr. Braier said he could make a strong argument for each, but will have a recommendation at the next meeting. Mr. Kappel said the DOJ mandated sanitary manhole repairs will not end after five years. The repairs will be on a 5-year ongoing cycle.

Moved by Ald. Maher, seconded by Ald. Hanson to recommend approval to budget \$750,000 annually in the Capital Improvements budget for compliance with the Department of Justice mandated sanitary manhole repairs --

Ald. Maher asked if this capital expenditure is outside the city's \$3.5 million bonding limit. Mr. Braier said yes it was because it is a mandated program.

Vote on the motion was Ayes: 7

City of Milwaukee v. AT&T

Mr. Kesner said that AT&T is about to offer what amounts to cable service in the area. The City of Milwaukee has sued AT&T because the lack of clarity about whether AT&T is offering cable service or not appears to give AT&T unfair advantage over companies like Time Warner which are bound by specific regulations. He said the City of Wauwatosa along with the other communities in the Regional Telecommunications Commission will be joining the City of Milwaukee in their law suit.

Moved by Ald. Maher, seconded by Ald. Grimm to convene into closed session per Wis. Stat. 19.85(1)(g): Conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved, and may reconvene into open session – 7

The committee convened into closed session at 7:35 p.m.

Moved by Ald. Maher, seconded by Ald. Purins to reconvene into open session – 7

The committee reconvened into open session at 8:11 p.m.

Vouchers

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
K. Walbrant, P. Allen, W. Dess, R. Mente	\$80.00	Parks – 11/30/06 – Milwaukee WI Sports Turf Managers Assoc. Seminar
R. Schumacher	\$419.00	Police – 10/23-10/25/06 – Appleton Street Crimes Seminar
F. Carsky	\$25.00	Police – 10/24/06 – Oconomowoc Children with Developmental Disabilities – Investigation of Child Abuse & Neglect
J. Nuter	\$25.00	Police – 10/24/06 – Oconomowoc Children with Developmental Disabilities – Investigation of Child Abuse & Neglect

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
L. Kavelaris	\$75.00	Police – 10/30/06 – Appleton One Day Crisis Negotiation Seminar
S. Schoofs	\$75.00	Police – 10/30/06 – Appleton One Day Crisis Negotiation Seminar
D. Semega	\$75.00	Police – 10/30/06 – Appleton One Day Crisis Negotiation Seminar
J. Kutz	\$75.00	Police – 10/30/06 – Appleton One Day Crisis Negotiation Seminar
R. Schumacher	\$75.00	Police – 10/30/06 – Appleton One Day Crisis Negotiation Seminar
B. Zalewski	\$836.11	Police – 12/11-12/15/06 – Milwaukee Cty. Firearms Instructor & Simunition Supv. Class
J. Stohler	\$270.67	Consortium – 11/15-11/16/06 – Stevens Point Program Coord./Fiscal Agent Meeting
L. Nielsen	\$3,320.00	Health/Consortium – 12/12/06 – Chapel Hill, NC Public Health Leadership Off-Campus Program
L. Nielsen	\$296.20	Health/Consortium – 12/14/06 – Chapel Hill, NC Management Academy Off-Campus Program
G. Gabrish	\$367.25	Police – 12/7-12/8/06 – Waukesha Ground Defense and Escapes
J. Milotzky	\$824.91	Police – 12/11-12/15/06 – Milwaukee Firearms Instructor & Simunition Supv. Class

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

Moved by Ald. Maher, seconded by Ald. Purins to recess for the Common Council meeting and to reconvene after the Common Council meeting – 7

The committee recessed at 8:18 p.m. and reconvened at 8:34 p.m.

Employee Health Benefits

Ms. Aldana gave a presentation on employee health benefits which included the following information:

- **The city offers a fully-insured plan (HMO) and a self-insured plan (Auxiant)**
- **The city contracts with United Healthcare for the fully-insured plan**
 - Employees must see a participating provider in order to have services paid
 - The HMO may negotiate a substantial discount with providers based on its ability to deliver consumers
 - Traditionally focused on providing routine and preventative services in order to avoid costly later interventions

toward lower cost drugs. They have increased co-pays, step therapy and encouraged over-the-counter alternatives. They have also implemented deductibles on the fully-insured plan and prescription co-pays. She said the changes are helping, but it is too early to tell. The consultant estimated that the changes they've made should result in a 5% difference in rates. She noted that user fees are perceived as more fair because those who use the plan more pay more.

Ald. Stepaniak said that arbitration is a complicated process and depends on what is negotiable. Ms. Aldana agreed saying that everything can be on the table; however the benefit is what is being negotiated. She said there is more room for change and with the state levy limit there is an ability to pay issue for the city. She added that the city is still answerable to the comparables.

Ald. Donegan felt that the cost of health insurance to the city based on the city's ghost rates is approximately twice as much as the cost to an employer of a family in Wauwatosa. The value to city employees is nearly twice the value enjoyed by the tax payers. He understood that there are comparables from other cities, but he didn't think that was fair. He was concerned about the number of retirees that were insured by the city, especially early retirees. He thought that issue needed to be addressed. He was especially taken aback by the notion that the retirees receive the same prescription benefit as other employees. He gets a lot of calls from constituents and felt he will have to tell them that the reason they have to pay higher taxes is because of retiree drug benefits. He felt that the health benefit presentation was more of a promotion for the city's plan than a primer. He understood that the employees are fighting for their benefits, he would probably feel the same way, but the city will be deeper in trouble if these issues aren't addressed.

Mr. Archambo said the city has begun the process of changing the things in the healthcare plan that good advice would suggest the city should do to bring down health insurance costs. The claims for 2006 will be very close to what they were in 2005. Time will tell if this isn't enough of a change. He asked if the city really needed to have a network that covered employees anywhere in the country and could the coverage be more localized. He suggested that this issue be directed to the Employee Relations Committee at their next meeting. It is part of the payroll and benefits issues that are reviewed by that committee. The extent to which the city can decide that they are going to do something completely different with health benefits is questionable because of the process structured by the state.

Ald. Stepaniak said he didn't think anyone, including the employees, is defending the status quo and all are looking for lower cost plans that provide healthcare coverage. There is always room for ideas. Any changes have to be done in context due to the constraints the city is under.

Mayor Estness said this is an all inclusive process. Healthcare 101 brought a lot of good ideas to the current healthcare programs. This was done with the cooperation of both the unions and the non-represented employees. They are willing to do this in an equitable, phased in fashion.

Ald. Maher said that he was impressed by the plan's emphasis on influencing individual behavior. He noted that a national healthcare expert said that 50% of costs are the result of individual choices. He thought the wellness programs were a very good idea and he was impressed with the way in which the city is trying to closely correlate health wellness with insurance costs.

Ms. Aldana said there is a lot of information available and employees are opening up to it. Ald. Maher said he was concerned that the focus was on the health benefit issue only and not the salary issue. He thought there has been a conscious acquiescence on the salary side, but health benefits can't be isolated from salary levels.

Ald. Krol said his constituents tell him about the increase in their taxes. He noted that a large percentage of the budget is used to pay for labor and benefits. He felt that the only way to control costs is to whittle away at the salary and fringe benefits or to cut the number of employees. He felt that cost shifting isn't addressing the problem. Healthcare plan design changes will really have an impact. He stressed making

changes in the salary and benefits package. Ald. Becker agreed saying it was hard to explain to people why their taxes have gone up.

Ald. Stepaniak said the City Administrator has suggested that this issue be referred to the Employee Relations Committee for proper action. There is a need for people to have the opportunity to voice their ideas and questions to the City Administrator.

Moved by Ald. Krol, seconded by Ald. Hanson to refer the healthcare benefits issue to the Employee Relations Committee – 7

The meeting adjourned at 10:00 p.m.

Carla A. Ledesma, City Clerk
City of Wauwatosa

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