

BUDGET & FINANCE COMMITTEE MEETING

Tuesday, February 13, 2007
Committee Room #2

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

EXCUSED: Ald. Purins

ALSO PRESENT: J. Archambo, City Admin.; A. Kesner, City Atty.; B. Aldana, Asst. City Atty./Personnel Admin.; R. Braier, Finance Dir.; J. Wojcehowicz, Water Supt.

Ald. Stepaniak as Chair called the meeting to order at 8:17 p.m.

Office of Justice Assistance Infrastructure Protection grant for the water department

The committee reviewed a request by the Water Superintendent to authorize acceptance of an Office of Justice Assistance (OJA) Infrastructure Protection grant in the amount of \$152,736. The funding is intended to improve the ability to deter and detect malicious actions or threats against the utility's critical assets.

Mr. Wojcehowicz reported that in 2004 the water utility completed a federally mandated vulnerability assessment that focused on prioritizing critical assets and committing municipal resources to lowering the risk to water utility assets with the greatest vulnerability. A variety of security improvements have been completed at the city's water facilities as a result of the assessment and its recommendations. Additional recommended improvements such as on-line water quality monitoring and physical enhancement equipment could be added as a result of the grant award. The utility would like to enhance the city's water distribution system reliability by improving our physical site security and establishing a baseline for water quality monitoring both of which can be monitored through the new Supervisory Control and Data Acquisition (SCADA) system which will be installed in 2007.

The committee asked about the components of the plan for the grant money and they raised the issue of ongoing costs. Mr. Wojcehowicz noted that the two components of the project will be the on-line water quality monitoring system and surveillance. He added that there will be some ongoing costs for sensors and routine maintenance. These costs will range from \$500 to \$3,000 per year. He stressed that the total cost for all aspects of the project is approximately \$190,000. They have \$30,000 identified in the 2007 Capital Budget Summary to be targeted towards water security system improvements. The total cost will not exceed \$182,000 which is the total of the grant plus the \$30,000. There are minor aspects of the project that they can eliminate to keep the cost at approximately \$182,000 without compromising the integrity of the project. He noted that the finished water utility infrastructure protection project will be far superior to what is in place right now.

There was a question from the committee about the early warning system. Mr. Wojcehowicz responded that there are a lot of variables in the system and points of entry for contamination; however, in many cases they will be alerted of problems within the hour.

Moved by Ald. Maher, seconded by Ald. Ewerdt to recommend acceptance of the Office of Justice Assistance infrastructure Protection grant in the amount of \$152,736 --

Mr. Braier informed that committee that they will bring the bids back before the committee when they have been submitted.

Vote on the motion was Ayes: 7

2007 Promissory Note issue

The committee reviewed the 2007 Promissory Note Issue. Mr. Braier reported that the books are nearly closed in the Capital Projects Fund for 2006. The December 31, 2006 available fund balance is projected to be \$3,441,000 after the budgeted reserve is set aside. There are a list of projects that have either not been started or are not substantially completed enough to have their expected expenditures accrue to the 2006 fiscal year. After these projects are accounted for, a balance of \$1,400,000 remains available for future capital projects. There are two options available for these funds: A) apply the balance to fund the 2007 Capital projects and lower the debt issue accordingly. The reduction would lower debt service payments over the next ten years and lower the outstanding debt level and B) apply the balance to help fund the infrastructure improvements at Hart Park. Applying this balance to the \$320,000 already reserved would allow for most of the infrastructure improvements to begin immediately.

Mr. Archambo noted that the Community Development Committee reviewed the Hart Park plan presented by the Public Works Dir. and decided that they will discuss it in 4 weeks. At that time they will prioritize the different elements of the plan. The list will then be available to this committee to assign the funds that are available.

It was the consensus of the committee to support Option B saying that the infrastructure will have to be put in and this is a good way to pay for it. It was noted that there is a plan for Hart Park and we will have to figure out how to fund it. The Rotary stage is well under way in terms of fundraising and will start construction in 2007-2008. The infrastructure will be needed for those types of projects.

Moved by Ald. Ewerdt, seconded by Ald. Becker to recommend approval for Option B which is to apply the 2006 available fund balance from the Capital Projects funds in the amount of \$1,400,000 to the \$320,000 already reserved to help fund infrastructure improvements at Hart Park – 7

Proposed TIF expenditures for Stone Pointe condominiums, 1215 N. 62nd Street

The committee reviewed proposed Tax Incremental Financing (TIF) expenditures for the Stone Pointe development project. Mr. Kesner reported that amendments to the State Street TIF contemplate up to \$1.9 million in expenditures for the developer of the former Western Metals factory. The proposed expenditures recommended by staff include the cost of demolition of the existing buildings, environmental remediation and capping of the site, and expenditures related to providing public access for viewing of the Schoonmaker Reef. Stone Pointe condominium developer, Learsi & Co., is now requesting the allocation of city funds for these purposes. In order for the city to avoid the requirement that funds be borrowed for these expenditures, the developer has been informed that the city intends to expend these TIF funds by reimbursing the developer for expenses incurred.

Mr. Kesner noted that staff proposes that the expenditures be provided to the developer as reimbursement for actual expenses are incurred based upon the following schedule: 1) demolition expenses will be reimbursable immediately after demolition is completed. This will help address requests by the police and fire departments that the facility be demolished as soon as possible; 2) reef access will be reimbursable when completed and opened for access; and 3) environmental remediation & site capping will be partially reimbursed only after portions of the project have been provided occupancy. 40% will be reimbursed upon the February 15th date following the opening of Phase I, consisting of the first 82 of 224 anticipated

units. 30% will be reimbursed on the February 15th following occupancy for Phase II of the development and currently anticipated for January 1, 2011. The final 30% will be reimbursed on February 15th following the final phase being granted occupancy, currently anticipated to be on or before January 1, 2013. The Finance Dir. has indicated that sufficient funds will be available in TIF #3 to make payments at the times anticipated. He noted that staff recommends that the committee and Common Council approve the entire expenditure based upon the recommended reimbursement schedule as outlined in the proposed sections of the Developers Agreement.

Mr. Kesner related that the developer of Stone Pointe has responded to the staff proposal by requesting additional funds to be placed into the category that are reimbursable immediately, and also by requesting that those funds which are proposed to be reimbursed by the city at a later date be paid with the addition of 8% annual interest from the date of completion of the remediation. The \$1.9 million figure is a constant; however, the developer has suggested that the entire amount needs to be reimbursed this year. The developer's second response was to propose that a lower amount of \$1,015,000 be reimbursed this year. This would include demolition and cleanup. Mr. Kesner indicated that he was still in support of the staff recommendation.

Daniel Seibel, representative for David Israel, SeibelFalkner, 2060 N. Humboldt, Milwaukee, expressed concern that the project wouldn't be feasible because of the environmental cleanup. He related that they did not expect to have to wait so long for the funds to be reimbursed. He noted that if the costs went over the estimated \$1.9 million, the developer would be responsible.

Mr. Braier reported that the TIF district has a current balance of about \$700,000 that it could expend this year and there was a possibility of obtaining more funds from other alternatives.

In response to questions from the committee regarding the timing of the payments, Mr. Kesner related that the reimbursement schedule is what staff has come up with based on money available in the TIF. The timetable is based on the proposed schedule that the developer has given them on their own project timeline. It is also the concern of the Community Development Director to keep the developer's schedule on line because of some of concerns expressed by Council members.

There was a positive response from the committee for the idea of phasing in the reimbursements. The question was asked as to whether the city had set up TIF reimbursements in this way before. Mr. Braier responded that the city has only had four TIFs. The last one was GE Healthcare and they were reimbursed as the project went along. Mr. Kesner noted that the TIF has other expenditures as well. He further noted that the developer will have to provide proof that the work was done with union labor at the prevailing wage.

Moved by Ald. Becker, seconded by Ald. Maher to recommend approval of the staff recommendation --

Motion fails.

Mr. Seibel stressed that if they don't have the TIF funding up front, they will not have the funds available to do the demolition and remediation. They were under the assumption that the funds would be reimbursed right away. He asked that the item be held so they can solidify their numbers.

Moved by Ald. Krol, seconded by Ald. Ewerdt to hold this item for two weeks pending further information from the developer of what the actual costs would be --

Mr. Kesner reiterated that staff wanted to make sure the TIF had the funds on a pay as you go basis and that the TIF funding would provide an incentive by making sure the reimbursement didn't go back until some of the project was in place.

Some members of the committee were reluctant to incur debt service for this project or to pay the interest requested by the developer.

Vote on the motion was Ayes: 4, Noes: 3 (Becker, Hanson, Maher)

Claim of Jeff Gehrke, 449 S. 74th Street, Milwaukee

Mr. Kesner reported that Mr. Gehrke rode his bike to the corner of N. 68th Street and Wisconsin Avenue. He left the bike chained to a pole near a bus stop. When he came back the bike was smashed. Mr. Gehrke claims that yellow paint was rubbed off on the broken bike and he had seen a yellow lawn mower in the vicinity. The city's landscape contract uses green mowers and they found the bike was smashed when they arrived at that location.

Moved by Ald. Maher, seconded by Ald. Hanson to recommend denial of the claim – 7

Moved by Ald. Becker, seconded by Ald. Krol 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
M – Becker to closed session

The committee convened into closed session at 9:24 p.m.

Claim of Wheaton Franciscan Healthcare -Southeast Wisconsin, Inc. and Wheaton Franciscan Healthcare -St. Joseph, Inc. regarding property located at 201 N. Mayfair Road, Parcel No. 411-9976-05

Moved by Ald. Maher, seconded by Ald. Hanson to recommend denial of the claim – 7

Claim of Wheaton Franciscan Healthcare -Southeast Wisconsin, Inc. and Wheaton Franciscan Healthcare -St. Joseph, Inc. regarding property located at 201 N. Mayfair Road, Parcel Nos. 411-9976-05, 411-9994-03, 411-9978-06, 201 N. Mayfair Road, Account No. 060212

Moved by Ald. Maher, seconded by Ald. Krol to recommend denial of the claim – 7

Moved by Ald. Krol, seconded by Ald. Becker to reconvened into open session – 7

The committee reconvened into open session at 9:43 p.m.

Vouchers

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
A. Schmidt	\$508.72	Health/Consortium – 1/25-5/17/07 – MATC Business English Essentials

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
P. Leist	\$324.07	Police – 1/23-1/26/07 – Wisconsin Rapids 9 th Annual Wisconsin Assoc. of Comm. Oriented Police Training Symposium
D. Semega	\$55.14	Police – 1/23-1/26/07 – Wisconsin Rapids 9 th Annual Wisconsin Assoc. of Comm. Oriented Police Training Symposium
A. Schmidt	\$234.53	Health/Consortium – 1/25/07 – Milwaukee Business Writing Basics
D. Wheaton	\$823.10	Building – 1/31-2/1/07 – Madison Building Inspector Program Training
D. Wheaton, F. Knapp, W. Mainus	\$80.00	Building – 1/29-1/30/07 – Milwaukee Recertification – Electrical
F. Knapp, W. Mainus, W. Bayliss S. Presnal, G. Blando, J. Schwab	\$560.00	Building – 1/31-2/2/07 – Milwaukee Recertification
D. Braun	\$800.23	Police – 1/14-1/19/07 – Rockford, IL Basic School Resource Officer Training
J. Schwab, W. Mainus	\$120.00	Building – 2/7-2/8/07 – Green Bay Recertification – UDC
T. Gelhar	\$180.04	Health – 1/24-1/25/07 – Monona & Beaver Dam Hazardous & Critical Control Points Training
J. Stohler	\$122.21	Consortium – 2/8/07 – Wisconsin Dells Strategic Leadership Presentation on Project Public Health Ready
K. Gierach	\$38.55	Police – 2/5-2/9/07 – Janesville FTO Class
J. Milotzky	\$25.45	Police – 2/5-2/9/07 – Janesville FTO Class

Moved by Ald. Becker, seconded by Ald. Ewerdt that the vouchers be allowed and paid – 7

There was a discussion about funding for the school officer training in the amount of \$800.23. It was noted that the school district pays for half of the officers' salary and fringe benefits. The question asked was whether the school district would pay for half the training as well.

The meeting adjourned at 9:45 p.m.

Carla A. Ledesma, City Clerk
City of Wauwatosa

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