

BUDGET & FINANCE COMMITTEE MEETING

Tuesday, June 12, 2007

Committee Room #2

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

EXCUSED: Ald. Grimm

ALSO PRESENT: J. Archambo, City Admin.; E. Miller-Carter, Asst. City Atty.; J. Plass, Acctg. Mgr.; W. Kappel; Pub. Works Dir.; W. Wehrley, City Engin.; M. Murphy, Library Dir.; Dr. N. Kreuser, Health Off.; J. Bembenek, Purchasing Mgr.

Ald. Stepaniak as Chair called the meeting to order at 8:00 p.m.

Fund transfer from the Capital Projects Fund Reserve balance to add one book drop to the Radio Frequency Identification (RFID) project in the Library

The committee reviewed a request from the Library Director for a fund transfer from the Capital Projects Fund Reserve balance to add one book drop to the Radio Frequency Identification (RFID) project. She explained that the RFID is a small tag attached to each book with computer wiring containing encoded information that is automatically read as books are put into the book return slot. She said the project is proceeding well. They had originally budgeted for 3 book returns because they were advised that the Kingsley book return could be retrofitted; however, they have discovered that the retrofitting can't be done. They must install a fourth book return. They are requesting to add one book return at a cost of \$13,000. That amount will be transferred from the Capital Projects Fund Reserve balance. She added that the RFID project is funded outside of the library budget. Ms. Plass confirmed that it is funded through the Capital Projects Fund.

Moved by Ald. Krol, seconded by Ald. Becker to recommend approval for a fund transfer from the Capital Project Fund Reserve balance to add one book return to the RFID project in the library at a cost of \$13,000 – 7

Tobacco Educational Initiatives funding grant for the health department

The committee reviewed a request by Dr. Kreuser to accept and execute the Tobacco Educational Initiatives Funding grant. The grant provides \$4,800 in funding specifically for regional tobacco education. They are planning to place an educational insert in the Milwaukee Journal Sentinel advocating the research-based practices of increasing the unit price of tobacco products.

Moved by Ald. Maher, seconded by Ald. Ewerdt to recommend approval of a Tobacco Educational Initiatives Funding grant in the amount of \$4,800. Vote on the motion was Ayes: 6, Noes: 1 (Purins)

48 month lease agreement with Konica Minolta for a color copier for the engineering department

The committee reviewed a request by the Purchasing Manager for a 48 month lease agreement with Konica Minolta for a color copier in the engineering department. Mr. Bembenek explained that there are two large copiers, one in the engineering department and one in the City Clerk's office. The lease for the engineering department copier is up for renewal. They did a cost analysis of the copies made and the productivity and decided on a color copier. It is a monochrome machine and the cost would remain about

the same as the current cost per copy. The color unit cost only \$58.30 per month plus 7 cents per copy for color. They plan to save a few hundred dollars every year with this lease. The copier will be shared with all the departments. He added that the cost is based on the state contract and includes the cost of equipment and all supplies including cartridges. The paper is a separate cost. The monthly rental cost is \$367.45 plus the copy cost for a total monthly charge of \$576. He recommended approval.

Moved by Ald. Krol, seconded by Ald. Becker to recommend approval for a 48 month lease agreement with Konica Minolta for a color copier for the engineering department at a total monthly cost of approximately \$576 – 7

Bonding Limits for Capital Improvement projects

The committee reviewed information from the City Engineer regarding a comparison of similar size communities and what they bond for and spend on capital improvements. Mr. Wehrley noted that the bonding limit and the Capital Improvement Program have been topics of discussion since last winter when it was noted then that the city does not have enough money to pave the streets. He tried to contact communities with similar populations and the information he received showed that the amount of bonding varied between them. Three of the communities didn't respond to the survey. All but one of the communities polled bond annually for amounts higher than the city's self-imposed \$3.5 million bonding cap. Bonding for the other communities ranged from \$3 million to \$16 million annually. Only two of the communities have a self-imposed bonding cap. The City of Sheboygan establishes a cap with each new city council. The City of Lacrosse bonds for the same amount of new debt as retired debt.

Mr. Wehrley continued that the comptroller's office previously identified the need to bond up to a maximum of \$5.5 million (excluding funding for the Hart Park expansion and Fire Station No. 1) to fund 3.5 miles of local road repaving each year of the 2008-2011 preliminary capital improvements plan. The capital improvements plan for 2008-2011 is currently being revised as part of the 2008-2012 capital improvements plan. Maintaining the city's self-imposed \$3.5 million cap will require either major reductions in planned capital expenditures or a significant increase in revenues in order to fund the plan.

Mr. Wehrley outlined a number of options: 1) maintain the current self-imposed \$3.5 million bonding cap. This will result in continued degradation of city streets which will lead to: a) a greatly reduced level of the quality of our roads, and/or b) an increase in public works operating personnel and operating budget associated with pothole patching and minor repairs; 2) a single adjustment of the bonding cap sufficiently high enough to fund the next five years of the capital improvements program; 3) index the bonding cap on an annual basis utilizing the Bureau of Labor Statistics Public Highway Construction Cost Index as recommended by the Citizen's Advisory Committee Capital Improvements Committee; and 4) eliminate the self-imposed bonding cap, similar to most of the communities polled. The decision needs to be made as to whether the city is going to maintain the condition of the roads or let them continue to deteriorate. The staff recommendation is to look at the infrastructure and budget accordingly each year.

Mr. Wehrley explained that the preparation of the Capital Improvements plan is a long process. The capital improvements projects and budget are reviewed annually by the Citizen's Advisory Capital Improvements Committee, Executive Review, the Budget Committee and ultimately by the Common Council. He said that in addition to the capital projects, his department is dealing with the implementation of the Hart Park plan, the Fire Station, Milwaukee Metropolitan Sewerage District (MMSD) Wet Weather Flow Standards. With all these projects his department has a full plate.

In response to a question regarding when the bonding cap was established, Mr. Wehrley said the bonding cap was adopted in 1958.

Ald. Maher expressed discomfort at this time with dealing with the bonding limit on an annual basis. He would like to have a discussion on the following aspects: 1) what are some of the policies that should be

driving the creation of the capital budget; 2) what should they strive for in determining appropriate road quality – the committee would decide what they want to achieve and the plan would be created and then there would be other committees to oversee; and 3) what are the achievable goals and the achievable capacity.

Ald. Maher had the following suggestions: 1) have these criteria drive the process instead of a dollar figure; 2) involve the city administrator to ensure that the structure that is put into place is best practices; and 3) have a clear discussion on what happens after the cap is removed.

Ald. Stepaniak has advocated reviewing some alternate mechanism to removing the cap. He had the impression that the committee is coalescing around the recommendation from the staff. He asked what process other communities go through each year to see if there are other types of analysis or methodology that would provide some guidance.

Ald. Krol noted that the capital improvements program is stagnant if it stays at the \$3.5 million level. It will take a considerable amount of time to change the charter ordinance. His concerns were the following: 1) what is the value the city will receive by eliminating the bonding cap; 2) how many staff will be used; 3) how does our staff compare to other communities; 4) are there some benchmark cities with good capital improvement programs that Wauwatosa could emulate. He noted that the cap could be at \$20 million, but the city may not have the resources to complete the program.

Ald. Ewerdt thought it was important to do something about road quality. One way of deciding on the level of a capital improvement program is looking at the cost of repairing a certain amount of miles. Mr. Wehrley noted that if they plan to work on 3.5 miles of roads they would have to bond \$5.5 million. Ald. Ewerdt thought the bonding limit was a good idea and good fiscal management. He was uncomfortable with the capital budget being open ended. Ald. Maher was interested to know what dictates the bonding policy in other communities.

Ald. Purins requested a list of the tax rates for each of the communities polled. He also requested the current and last bond rating of each community. He asked if there was a correlation between other communities' bond rating and the interest rates they are getting. Ald. Maher asked for information from the independent audit report about the value of Wauwatosa's infrastructure and how it compares to other communities. He noted that if the city's infrastructure is deteriorating more than other communities that may be another way to decide.

It was consensus of the committee to hold this item for further information.

Letter from Irgens Development Partners, LLC regarding consent to conveyance and agreement to accelerate the date of purchase of the city's interest in the in the GE Healthcare facility in the Milwaukee County Research Park to Eaton Vance Management or one of its affiliates

The committee reviewed a letter from Irgens Development Partners, LLC regarding a consent to conveyance and agreement to accelerate the date of purchase of the city's interest in the GE Healthcare facility in the Milwaukee County Research Park. Mr. Archambo noted that the developer's agreement says that the city will sell their interest for approximately \$2,700,000. Irgens has an interested party to buy the property, but the city would have to sell the property to Irgens Development first. Irgens is at the point where they have a prospective buyer offering the same price for the property.

Mike Dwyer, Godfrey and Kahn, 780 N. Water Street, Milwaukee, explained that Roundys owns the land Edison Technology Center is built on. They are requesting that the city accelerate the sale.

Mr. Archambo said the most substantial impact of the sale is that the TIF would close 2 or 3 years early and the transfer price would have more value now than 10 years from now. It was his understanding that the TIF district would receive the money. Ms. Plass reported that the Finance Director is planning to re-

bond from 1997 and would refinance \$4.5 million instead of \$7.5 million. The \$2 million from the sale would pay off the debt service and retire the TIF a year early.

Ald. Krol thought this seemed to put the city in a very favorable position.

Moved by Ald. Krol, seconded by Ald. Purins to recommend approval to accelerate the date of purchase of the GE Healthcare facility in the to Eaton Vance Management or one of its' affiliates for the agreed upon purchase price of \$2,637,275 --

Mr. Dwyer added that the second mortgage will be paid in full. The loan is prepayable at any time. Mr. Archambo stressed that the payment of the second mortgage is solely at Irgens discretion and doesn't need committee approval. Mr. Dwyer hoped that this issue could go to council on the June 19th.

Moved by Ald Purins, seconded by Ald. Krol to amend the motion to include that the City Administrator will provide the committee and Common Council with staff's analysis and recommendation before the next council meeting. Vote on the amendment was Ayes: 6, Noes: 1 (Maher)

Ald. Maher was reluctant to take action on this even though it seems to be a good deal for the city. He asked if there were circumstances dictating Irgens' desire to have this approved on June 19th versus holding this item for two weeks. He was reluctant to move forward until he received more information from staff.

Ald. Purins recommended a special meeting of the Budget & Finance Committee before the Common Council meeting in order to review any materials from staff.

Mark Irgens, Irgens Development Partners, LLC, 10201 Innovation Drive, told the committee that they are trying to cooperate with the city in paying the money off sooner and are requesting that this process be expedited due to their upcoming closing on the property.

Moved by Ald. Purins, seconded by Ald. Maher to hold this item for a special Budget & Finance Committee meeting prior to the Common Council meeting on June 19th --

Ald. Stepaniak assured Mr. Dwyer and Mr. Irgens that holding a special Budget & Finance Committee meeting before the Common Council meeting would not delay a vote by the Common Council on June 19th.

Vote on the motion to hold was Ayes: 7

Vouchers

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
N. Kreuser	\$193.22	Health – 5/23/07 – Appleton 2007 Annual Public Health Conf.
E. Krueger	\$85.09	Health – 5/30/07 – Madison Bureau of Communicable Diseases & Preparedness Spring Seminars 2007
A. Eldredge	\$62.43	Health – 5/23/07 – Milwaukee Lead & Asbestos Symposium

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
D. Moldenhauer	\$75.00	Police – 5/21-5/24/07 – Ft. McCoy Midwest Tactical Officer’s Training Conf.
J. Short	\$30.02	Police – 5/21-5/24/07 – Ft. McCoy Midwest Tactical Officer’s Training Conf.
D. Braun	\$104.60	Police – 5/7-5/9/07 – Ft. McCoy Patrol Response to Active Shooter Cert.
F. Carsky	\$433.04	Police – 4/17-4/19/07 – Appleton Child Abuse Conf.
J. Nuter	\$422.96	Police – 4/17-4/19/07 – Stevens Point Child Abuse Conf.
D. Semega	\$243.91	Police – 5/7-5/9/07 – Oshkosh Crisis Negotiator Conf.
J. Kutz	\$45.35	Police – 5/7-5/9/07 – Oshkosh Crisis Negotiator Conf.
D. Koralewski	\$2,054.00	West Allis/Conсор. – 1/16-5/4/07 – Univ. Park, PA Bioterrorism Preparedness Courses
M. Meske	\$2,603.46	Wauwatosa/Conсор. – 5/20-5/25/07 – Univ .of Minn. Public Health Certificate in Food Safety And Biosecurity
J. Schwab	\$286.00	Building – 5/15-5/21/07 – Appleton Continuing Education Seminar
E. Krueger	\$314.00	Health – 5/22-5/24/07 – Appleton 2007 Annual Public Health Conf.
S. Cunitz	\$409.22	Health – 5/22-5/24/07 – Appleton 2007 Annual Public Health Conf.
L. Nielsen	\$334.22	Health – 5/22-5/24/07 – Appleton 2007 Annual Public Health Conf.

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

The meeting adjourned at 9:15 p.m.

Carla A. Ledesma, City Clerk
City of Wauwatosa

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