

BUDGET & FINANCE COMMITTEE MEETING

Tuesday, November 13, 2007
Committee Room #2

PRESENT: Alds. Becker, Ewerdt, Hanson, Maher, Purins, Stepaniak – 6

EXCUSED: Alds. Grimm, Krol

ALSO PRESENT: J. Archambo, City Admin.; A. Kesner, City Attorney; B. Aldana, Asst. City Atty./Personnel Dir.; R. Braier, Finance Dir.; W. Kappel, Pub. Works Dir.; W. Wehrley, City Engin.; J. Wojcehowicz, Water Supt.

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

Level III Fund Transfer from the Health Insurance Claims account to the Health Insurance Sundry Contractual Services account for payment of contractual services in excess of \$25,000

Ms. Aldana referred to her memo noting that she was requesting a transfer of \$45,000 from the Health Insurance Claims account to the Health Insurance Sundry Contractual Services account to cover contractual serves incurred in connection with efforts to constrain health insurance costs. This includes the Request for Proposals (RFP) process associated with the move to a new third party administrator and to self-insure both plans which was implemented on October 1, 2007. These efforts saved the city over \$1 million in health insurance cost for 2008. She further noted that city ordinances require Common Council approval of payments for contracts exceeding \$25,000. Additional consulting fees included above resulted in paying the city's health insurance consultant, Health Care Systems Consultants, more than \$25,000 in 2007. Total payments in 2007 to this vendor are estimated to be approximately \$40,000. She recommended transferring the funds and payment for the services.

Moved by Ald. Purins, seconded by Ald. Ewerdt to recommend approval of the Fund Transfer in the amount of \$45,000 from the Health Insurance Claims account to the Health Insurance Sundry Contractual Services account for payment of contractual services in excess of \$25,000 – 6

Telecommunications tower agreement at city hall

Mr. Archambo recalled that the committee had discussed the municipal wireless system part of which entailed building 3 new telecommunications towers. This was primarily funded through the Homeland Security grant. The proposed towers were a 3 legged lattice construction. During the discussion there were comments made by 2 residents that lived near the Potter Road site that raised the question about cellular communication equipment. Another issue is that at the time the towers were only for the city's wireless network. There was also a discussion about the look of the 3 legged towers particularly the one at city hall.

Mr. Archambo reported that they looked into a way that would allow a more attractive mono-pole to be used especially at city hall. They worked on a contract with Cricket Communications which would eliminate \$10,000 to \$20,000 of the project costs. Cricket would install a mono-pole at their cost. The city will receive ownership of the tower and lease revenue that would garner approximately \$20,000 the first year with an escalator clause each year thereafter. He recommended approval of the cellular lease

contract. He further recommended approval that the city use the payment for this year to purchase flags for 2008.

Moved by Ald. Purins, seconded by Ald. Becker to recommend approval of the Cellular lease contract and to use the payment to purchase flags for 2008 --

Ald. Purins asked why the flag purchase was tied to the lease agreement. Mr. Archambo responded that they did not want to forget that issue. Ald. Purins suggested that the people leasing the poles be in charge of the upkeep of the flags. Mr. Archambo noted that the city would replace all the flags that the city has ownership of 3 times per year at a cost of \$2,700 for this year. The \$3,300 will cover the cost of a set of flags for this year.

Ald. Maher thought that the lease agreement should be addressed at this time and the flag purchase should be discussed separately. He was not in favor of voting for the entire recommendation. He asked where the mono-pole would be located. Mr. Archambo replied that the location is in the southwest corner of the city hall building.

Ald. Ewerdt noted that when the purchase of the telecommunications towers was approved the funding was going to come from the Reserve for Contingencies. He requested that the motion be amended to only include the cellular lease agreement.

With the consent of the motioner and the second Ald. Ewerdt amended the motion to only include the cellular lease agreement --

Vote on the amendment was Ayes: 6

Vote on the motion as amended was Ayes: 6

Increase or elimination of bonding cap pertaining to the Capital Improvements Program

Mr. Archambo noted that the recommendation for the bonding cap is to raise it to \$5 million. His suggestion was to increase the bonding cap to \$6 million which would enable the engineering department to cover 4 miles of road repair and include the Ruby Avenue project. This would also cover the cost of the Capital Improvements budget for 2008. The other option is to leave the cap at \$5 million and separate out the self-sustaining projects and the sanitary and storm sewer work. That seems to make sense because they have different funding sources and their own unique issues. If the bonding cap is set at \$5 million with the exclusion of the sanitary and storm sewer projects the approximate affect to the tax levy is \$8.30 to the home owner. Adding the sanitary and storm sewer would raise the levy cost to homeowners to \$18 or about \$180 over 10 years.

Mr. Braier commented that he discussed his recommendation to raise the bonding limit to \$5 million with the Board of Public Debt Commissioners and they are in agreement with him. He added that if the Charter Ordinance is going to be amended, there are some self-sustaining projects that would be appropriate for General Obligation (GO) Debt. If there was no tax payer or rate paying money involved he would like to see that as well.

Mr. Wehrley noted that the costs for 2008 are higher than the average costs for 2009-2012 because of the Ruby Avenue project. If the cap were raised to \$5 million they would be able to fund the Capital Improvement program and work on 4 miles of road per year. Mr. Archambo recommended raising the bonding limit to \$5 million segregating out self-sustaining programs and the sanitary and storm sewers. He further recommended including Ruby Avenue and Meinecke Avenue along with 4 miles of road repair in the Capital Improvement Program. The remnant piece on Ruby Avenue would be paid for by the Water Utility. Mr. Wehrley added that Meinecke Avenue is a much higher utility cost per foot of paving because

of the sanitary and storm sewer. Ruby Avenue's cost is approximately \$1.5 million and Meinecke Avenue is over \$2 million. They would work on Meinecke Avenue in 2009.

Mr. Braier noted that projects that are mandated by court order and projects for the Water Utility are not done through GO bonds. The city doesn't pledge their taxing ability when they do water projects. He added that sewer work could be done under utility bond; however, they choose to use GO bonds because they have a slightly lower interest rate. With a \$5 million bonding cap this is not an issue.

Mr. Braier noted that the bonding limit would be for exactly \$5 million. Mr. Archambo added that they are not including indexing.

Ald. Stepaniak noted the one common thread throughout the committee's discussions was moving the methodology to a stated dollar amount that was based on something that is a clear objective. He commented that 4 miles of roadway and associated infrastructure is a good stopping point in terms of what would establish a standard of road repair for the city.

Ald. Becker liked the recommendation noting that committee members all want something done on this and they have been discussing this for over 8 months. He felt that they have to be realistic that \$3,500,000 will not buy the same level of repair as a few years ago. He would like to see something decided at this point.

Ald. Ewerdt thought the direction the committee was moving in was reasonable. He asked about Mr. Braier's recommendations regarding televising storm and sanitary sewers, spot improvement and contracting for inspections as conditions for raising the bonding cap to \$5 million.

Mr. Archambo stressed that the recommendations were all valid concerns and thought they fell into 2 categories. Some of the recommendations are administrative issues. They have a remedy for shortening the contract so that the punch list has to be completed in a certain period of time. The hope is to get contract bids that are lower than the budget estimate. Other recommendations are policy issues. The idea of contracting out is a concern and a policy issue for the committee which would necessitate a separate discussion.

Ald. Purins noted that the Citizens Advisory Committee on Capital Improvements recommended raising the cap to \$4.5 million. The recommendation of raising the cap to \$5 million is close to the Advisory Committee's amount. The administrative and policy issues can be dealt with at another time. The Capital Improvements Program has a number of layers of oversight.

Moved by Ald. Purins, seconded by Ald Hanson to recommend approval
to raise the bonding limit to \$5 million and to exclude self-sustaining
items and sanitary and storm sewer work --

Ald. Maher disagreed with a couple of the issues. He thought that Mr. Braier's recommendations should be addressed. He has also talked about evaluating how the city rates the proposed road projects. He felt that right now the policy is to establish a pretty high bar and that leads to certain cost implications. There are several process questions that need to be addressed because of the impact on how the city is getting to the current bonding limit. He wanted to know why \$5 million is the magical number. Everything is driven by the cap and because there is a bonding cap the projects may not be scrutinized. If the cap is eliminated there are questions as to what extent the projects will be evaluated and executed. The policy seems to be to spend a certain amount of money and that's it. He was not convinced that 4 miles of road should be the city's objective. He suggested starting with what the city wants to achieve and working backwards. This raises an audit function because there is no means of assessing proposals by staff and there is no outside way to assess whether the proposals are appropriate. He didn't want to include Ruby Avenue in this process and he didn't think that readjusting the cap would fix the problem.

Ald. Purins stressed that he has almost always been a proponent of eliminating the bonding cap, but he was not sure that would sell. The Citizens Advisory Committee on Capital Improvements has recognized that the city is falling behind in road repair. To not have a bonding cap would be a radical change and he was not convinced that the Council would support the elimination of the bonding cap.

Ald. Stepaniak understood Ald. Maher's ideas. Elected officials are elected to make decisions and face the consequences at the polls. He was not sure artificial constraints need to be inserted with other mechanisms. It is a tough decision going from clear constraint to no constraint. A 2-step arrangement might be advisable. He noted that \$5 million is a convenient place to make a change. Over a span of years he has seen the Ruby Avenue and the Meinecke Avenue projects constantly postponed. At some point they have to be dealt with. Process issues are related, but not precisely related and they need to be addressed at the staff level involving the Citizens Advisory Committee on Capital Improvements. He was not sure this committee meeting was the forum to discuss public works issue at this time.

Ald. Maher noted that he would like to see some of the recommendations included. There is a recommendation to do an analysis of the past 5 years. Mr. Braier commented that they looked at the timing of the bond issue and when they received the money. Ald. Maher noted that this suggests that process matters. Mr. Braier clarified that if the city borrows \$5 million they have 3 years to use it and that would be doable. Ald. Maher noted that adding the exclusions to the \$5 million would bring the projects over \$5 million. Mr. Braier suggested appropriate language in the motion would be "not to exceed \$5 million".

Ald. Stepaniak noted that spending constraints are defined by the Internal Revenue Service (IRS) and relate only to GO bonds. There is a sewer fee and water fee that relates to the sanitary and storm sewer. They could use revenue bonds, but the interest rate is slightly higher. Mr. Archambo added that TIF projects are also a source of funding. Mr. Kappel stressed that there are other criteria and rules that would apply if the city decides to become a larger borrower.

Ald. Stepaniak noted that the Aaa rating means a lot to this community. Other communities are not dealing with a \$5 million constraint as a methodology not a Aaa rating. Mr. Braier pointed out that Wauwatosa might be one of the only cities around with a bonding cap and Moody's comments on that. The financial ratios are what go into a Aaa rating. Wauwatosa is at different places in the Municipal Financial Ratio Analysis.

Ald. Maher thought that the discussion has revealed that the only reason the bonding cap is being raised is that the committee seems to be very hesitant to make the change to eliminating the cap. He would like to amend the motion to eliminate the bonding cap instead of increasing it.

Moved by Ald. Maher, seconded by Ald. Purins to amend the motion
to eliminate the bonding cap for the Capital Improvements Program --

Ald. Purins noted that the first step would be to change the charter ordinance to remove the bonding cap and the second would be to set an amount for capital improvements. Mr. Kesner advised that the change to the Charter Ordinance would go to referendum in mid February.

Ald. Stepaniak expressed support for the amendment noting that a bonding limit does not provide accountability. Capital Improvements Program decisions are made in a public forum. Other communities don't have bonding caps. The fear of unlimited spending is unfounded. There is a lot of scrutiny of the Capital Improvements Program and the public will weigh in from time to time.

Ald. Hanson asked how this motion will impact the engineering department. Mr. Wehrley responded that it gets back to what is the intention of the committee in setting a policy for the quality of the roads. If the committee is satisfied with the quality of the roads they will do upkeep at 4 miles per year. If more

potholes are acceptable they can do less than 4 miles per year. With a \$3.5 million bonding limit the city will continue to deteriorate. Repairing 4 miles per year will maintain the streets. It depends on the level of service the committee wants.

Ald. Becker felt the cap was a way to constrain projects. Ald. Ewerdt asked how eliminating the cap affects the Hart Park and Fire Station projects. Mr. Braier responded that if the bonding cap is eliminated, there is no legal requirement have referendums for these projects. Ald. Ewerdt was still in support of the bonding cap.

Vote on the amendment to the motion was Ayes: 4, Noes: 2 (Becker, Ewerdt)

Vote on the motion as amended was Ayes: 4, Noes: 2 (Becker, Ewerdt)

The committee recessed at 9:50 and reconvened at 9:55 p.m.

Funding for Ruby Avenue improvements

Mr. Archanbo suggested holding this item pending inclusion of the item regarding the bonding cap. Ald. Maher noted that there should still be discussion about how to fund the Ruby Avenue project along with a larger discussion about funding options.

Moved by Ald. Maher, seconded by Ald. Becker to hold this item until further notice – 6

Vouchers

| <u>NAME</u> | <u>AMOUNT</u> | <u>FOR</u> |
|--------------------|----------------------|--|
| D. Redman | \$338.00 | Fire – 10/31-11/2/07 – La Crosse WI Fire Chief’s Assoc. Fall Conf. |
| S. Miner | \$482.00 | Assessor – 10/29-11/2/07 – Pewaukee International Assoc. of Assessing Officers Course 300, Fundamentals of Mass Appeal |
| R. Schumacher | \$25.67 | Police – 10/29-10/31/07 – WCTC In-Service Training |
| D. Cefalu | \$33.43 | Police – 10/29-11/1/07 – Milwaukee Ballistic Shield Class – SWAT |
| G. Gabrish | \$33.60 | Police – 10/29-11/1/07 – Milwaukee Ballistic Shield Class - SWAT |
| B. Skornia | \$39.00 | Police – 10/2-10/3/07 – Janesville Sex Offender Interviewing |
| K. Zielinski | \$44.13 | Police – 10/29-11/2/07 – Milwaukee Role of the Undercover Officer |
| J. Stohler | \$117.85 | Consortium – 10/17-10/18/07 – Wisconsin Dells Program Coordinators Meeting |

| <u>NAME</u> | <u>AMOUNT</u> | <u>FOR</u> |
|---------------------------|---|--|
| T. Szudy | \$676.09 | Planning – 10/30-11/2/07 – Dubuque, IA Upper Midwest Planning Conference |
| W. Ramcheck, M. Groholski | \$384.57 | Pub. Works – 11/1-11/5/07 – Stevens Point APWA – WI Chapter Fall Conf. |
| D. Hoppe | \$102.51 | Police – 10/2-10/3/07 – Janesville Sex Offender Interviewing |
| P. Leist | \$27.00 | Police – 10/15-10/17/07 – WCTC In-Service Training |
| P. Roberson | \$26.46 | Police – 10/15-10/17/07 – WCTC In-Service Training |
| B. Beckman | \$26.28 | Police – 10/22-10/24/07 – WCTC In-Service Training |
| J. Bronner | \$27.00 | Police – 10/22-10/24/07 – WCTC In-Service Training |
| D. Collins | \$118.45 | Police – 10/2-10/3/07 – Janesville Sex Offender Interviewing |
| N. Welch | \$602.79 | Comm. Devel. – 10/23-10/27/07 – Las Vegas, NV Urban Land Institute Conf. |
| A. Kesner | \$766.66 | Attorney – 11/11-11/13/07 – Marleton, NJ Archonix Lawsuit – depositions |
| J. Stohler | \$80.73 | Consortium – 11/7/07 – Madison PHEP Workgroup |
| W. Wehrley | \$60.89 | Engin. – 11/12-11/13/07 – Pewaukee UW Workshop – “Building an Effective Safe Routes to School Program” |
| T. Groth (Gelhar) | \$1,652.78 | Health – 11/4-11/7/07 – Washington, DC American Public Health Assoc. Meeting And Exposition |
| B. Aldana | \$480.06 (additional expense in October for Personnel Conference) | |

Moved by Ald. Maher, seconded by Ald. Becker that the vouchers
be allowed and paid – 6

The meeting adjourned at 9:58 p.m.

Carla A. Ledesma, City Clerk
City of Wauwatosa

svh