

BUDGET & FINANCE COMMITTEE MEETING

Tuesday, March 28, 2006
Committee Room #2

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

ALSO PRESENT: T. Wontorek, City Admin.; A. Kesner, City Atty.; R. Braier, Finance Dir.; W. Kappel, Public Works Dir.; Fire Chief D. Redman; Deputy Fire Chief W. Rice; Police Chief B. Weber; Police Lt. D. Weiss; J. Wojcehowicz, Water Supt.; J. Bembenek, Purchasing Mgr.; C. Ledesma, City Clerk

Ald. Bruderle-Baran as Chair called the meeting to order at 8:02 p.m.

Village Business Improvement District (BID) revised 2006 Budget

Dennis Webb, Chair, Village Business Improvement District (BID), 7532A W. 8th Street Milwaukee, felt that in the past, the BID members have not communicated with the committee effectively with regard to some of their activities. The revised 2006 Budget indicates that they would like to spend more money in the areas of wayfinding, advertising and for their web site design.

Brian Preiss, Executive Dir. of the BID, 1440 N. Underwood Avenue, noted that the new BID office is now located on Underwood Avenue. They would like to take the BID to a new level and bring more businesses into the organization.

Moved by Ald. Jenkins, seconded by Ald. Grimm to approve the revised Village Business Improvement District (BID) 2006 Budget and place it on file --

Ald. Maher asked about the status of the 2005 BID audit report. Mr. Webb said they are closing the books at this point and the audit will be given to the committee as soon as it is done.

Vote on the motion was Ayes: 8

Purchase of 14 AVC Edge Help America Vote Act (HAVA) compliant voting machines

Ms. Ledesma said that the 2002 federal Help America Vote Act (HAVA) requires that every voting location provide voting equipment that can be used without assistance by voters with disabilities. The Edge is a touch screen voting machine developed by Sequoia Voting Systems and distributed through Command Central. There are funds available in the 2006 Capital Projects Fund earmarked for this purchase. The city is eligible for reimbursement from HAVA funds up to a maximum amount of \$6,000 per voting location or \$84,000. She recommended the purchase of 14 AVC Edge HAVA compliant voting machines.

Ald. Purins asked if there are multiple wards located in one place will that location still only get one machine. Ms. Ledesma said that each voting site would only get one machine. Ald. Meaux asked about pooling the purchase with other municipalities. Ms. Ledesma said that state certification has been recently been granted for the choice of equipment so a coordinated purchase has not been organized at this time.

Moved by Ald. Maher, seconded by Ald. Purins to recommend approval of the purchase of 14 AVC Edge HAVA compliant Voting machines from

Purchase of a replacement pumper and a Change of Purpose to reallocate funds from the voting equipment account

Chief Redman said they have budgeted \$350,000 for the purchase of a replacement pumper. The bids they received came in significantly above the budgeted amount. They specify a single source bidder because it is easier to get repairs and parts, but that also limits the number bids that they receive. They also specify a stainless steel body because they tend to keep the trucks for about 15 years and the stainless steel keeps them in better shape longer. The low bid after trade-in is \$421,415 or \$71,415 over budget. He has been advised that there are budgeted funds for the purchase of voting equipment by the City Clerk of which about \$100,000 will not be spent this year. He is recommending approval for the Change of Purpose to re-allocate \$72,415 from the purchase of voting equipment to the purchase of the pumper truck. He further recommends awarding the bid to Pierce Manufacturing in the amount of \$421,415 which includes a trade-in of \$2,500. He added that Pierce Manufacturing is offering an aluminum cab for a price difference of \$9,000 and a much better paint warranty. They would accept the aluminum instead of the stainless steel. He added that they estimated the price of the truck to be in the \$350,000 range, but they didn't know how much it would ultimately cost until the specifications are written up and they get the cost back from the manufacturer.

Deputy Chief Rice said they have had problems in the past where they have had chassis made in one place and the body in another. They have had poor experiences with this arrangement in that when there is a problem with the vehicle, the manufacturers tend to spend a lot of time arguing over whose fault it was and not getting the problem solved.

Ald. Herzog asked if it cost the city time or money. Deputy Chief Rice said it mainly costs time because while they were trying to come up with a solution, the truck was supposed to be supporting a reduction in man power. Instead, it had to be shipped to three different places. He stressed that there is a direct correlation between the overall quality of product from a single source bidder.

Ald. Herzog asked how much money would be saved if there were multiple source bidders. Deputy Chief Rice said the purchase is much more focused with a single source bidder, but he didn't know that a single source bidder is much more expensive than a multiple source bidder.

Ald. Herzog asked if the trade-in value would be higher on the open market. Chief Redman noted that an older truck like this has lived its life and they won't get much of a trade-in for it.

Ald. Grimm asked if this purchase will replace any equipment in the village area. Deputy Chief Rice said the pumper will be located in station #1 in the village. He added that the pumper will fit in the undersized door.

Ald. Maher felt the background work done by the department shows they have done their homework.

Moved by Ald. Maher, seconded by Ald. Stepaniak to recommend approval for the award of purchase to Pierce Manufacturing in the amount of \$421,415 for a replacement pumper truck and a Change of Purpose to re-allocate \$72,415 from the purchase of voting equipment toward this purchase – 8

Purchase of a replacement ambulance/rescue squad

Chief Redman said this is a scheduled replacement for a 1991 ambulance that is the last of the light duty chassis ambulances. The cost is under budget after the \$4,000 trade-in. They started shifting to the heavier duty chassis in 1995 and they are getting about 15 years of service from those vehicles. He said the purchase is within budget and they are using the same vendor manufacturer they have used for the last 3 or 4 years. He recommended awarding the bid to 5-Alarm Fire & Safety Equipment including the \$4,000 trade-in.

Moved by Ald. Purins, seconded by Ald. Grimm to recommend approval for the award of bid to 5-Alarm Fire & Safety Equipment in the for a replacement ambulance in the amount of \$182,265 – 8

Department of Homeland Security Exercise Planning grants

Chief Redman said he has received notification that the Milwaukee County Emergency Management Office has secured grant funding to cover actual expenses related to conducting a table top exercise that was held on February 24, 2006 and a full scale exercise in June, 2006. Because these exercises are conducted in the City of Wauwatosa, the County Emergency Management Director has requested that the city function as fiscal agent for the grants. The grant program is 100% funded for actual expenses incurred by the city and other participants. The city would receive the funds and then disburse them into city accounts for expenses or to other entities approved in the grants. These funds do not need to be disbursed until they are actually received. There could be some personnel costs that would come out of normal operating budgets, but that would be replenished later from the grant funds. He recommended acceptance of the grants for a total amount of \$34,517.86

Ald. Stepaniak asked if the exercises would involve multiple jurisdictions. Chief Redman responded that other fire and sheriff departments will participate and they will be held on the County Grounds. The table top exercise has already been conducted and the lessons learned proved helpful during the recent water main break on the County Grounds.

Moved by Ald. Stepaniak, seconded by Ald. Maher to accept the Department of Homeland Security Exercise Planning Grants for a total amount of \$34,517.86 – 8

Ald. Grimm left the meeting at 8:21 p.m. (-7)

Cooling unit for the police department computer room

Mr. Wontorek said that in November, 2005, the committee reviewed the need for a supplemental air conditioning unit in the police department computer room. No funds were included in the budget for this work. The committee and Common Council approved an allocation from the Reserve for Contingencies of up to \$5,000 to complete a design and engineering study for the equipment. The committee also requested that the police department identify funds available from other appropriations and asked staff to bring this back to the committee. He said the study was completed, specifications were developed and bids were solicited for the installation. The low bid of \$22,550 from Sure-Fire, Inc. was accepted by the Board of Public Works and referred to the Budget and Finance Committee for approval of funding. He recommended that sufficient funds be appropriated for the installation of the supplemental air conditioning equipment for the police department computer room.

Ald. Meaux asked what impact there would be if they waited until the next budget cycle. Mr. Wontorek said the room has been overheating and failure messages were coming in. The air conditioning will provide the correct ventilation.

Ald. Purins asked if the proposed unit will have enough capacity to keep the room cool on a long term basis. Mr. Wontorek said this will be a long term solution.

Ald. Stepaniak said the committee wanted good design and engineering data, but they also wanted the police department to identify any funding they would have available. Mr. Wontorek said that Capt. Reit indicated that it would be too early in the year to predict what funds would be available. He added that the police department was looking into capital expenditures as a source of funding.

Ald. Purins asked if there was a carryover at the end of the budget year. Mr. Braier said that if the police department has any funds left over, they go into the general fund balance.

Moved by Ald. Maher, seconded by Ald. Jenkins to recommend approval to appropriate sufficient funds from the Reserve for Contingencies to pay for supplemental air conditioning for the police department computer room in the amount of \$22,550 --

Ald. Bruderle-Baran agreed with Ald. Stepaniak that the police department should be able to find the money in their budget.

Chief Weber said it would be difficult to find the money because they budget very closely. Using the example of the budget for police overtime, at the end of 2005 they were short by \$38.

Upon a roll call vote, Ayes: 5, Noes: 2 (Bruderle-Baran, Stepaniak)

Amendment to Section 3.52.010 of the City Code pertaining to the disposition of abandoned property

Lt. Weiss said the police department is proposing a change to Section 3.52.010 of the City Code. They would like to have broader options for the disposition of abandoned property.

Moved by Ald. Maher, seconded by Ald. Stepaniak to recommend that the Common Counsel draft an ordinance amending Section 3.52.010 of the City Code pertaining to the disposition of abandoned property – 7

Appeal of alley paving special assessment for Jonathan Luebner, 7303 W. Center Street

Mr. Luebner said he received notification of alley reconstruction abutting property to the south of his property. He owns a corner lot located between 73rd and 74th Street. The alley way is basically a driveway. The other properties on the alley have access to their garages; however, the property he owns is a green space and he doesn't have a garage or access to the alley. He said that his share of the alley assessment would be approximately \$6,000. His neighbor was surprised because his share was approximately \$3,000. On the advice of his aldermen he contacted the Street Design Engineer. The Street Design Engineer explained that the assessment rates are different for residential, commercial and apartment houses. The commercial is about 25% higher than the rate charged for apartments. He felt that the burden of the project was being put on him. He reiterated that he doesn't use the alley; in fact he walks to work. He acknowledged that the condition of the alley needed to be addressed, but he didn't understand why he was paying for someone else's driveway. When the final assessment came in, it was about 24% higher than the estimate. As a small business, that amount of money represents 7 months of his mortgage and would add 33% to his taxes over the five year payment plan. He would like an explanation as to why he is paying 100% more than the people currently using the alley and he would like a reduction in his assessment.

Mr. Kappel said the properties abutting an alley are assessed at 100% according to the linear footage of their properties. There are three classifications used in determining alley assessments: 1) single and two family, 2) apartments, and 3) commercial/industrial businesses. The city can establish classifications as long as they are consistent with the classifications. The various options are: 1) reducing the owner's assessment and passing the reduction along to the other abutting property owners; 2) reducing the assessment and not passing the reduction along in effect making a portion of the construction a public charge; 3) spreading the payment over ten years as opposed to the usual five year payment plan; and 4) upholding the assessment and placing the matter on file. He stressed that changing the assessment will affect future claims.

Ald. Herzog said he could understand the money crunch situation. It is similar to an earlier request by a church that wanted to have the assessment removed because they didn't use their alley; however, making an adjustment

would affect the other residents. He would be inclined to extend the payments over ten years. He explained that this is a corner property and the city looks at the potential use that is there not just the situation that at the current time the business is not using the alley. Ald. Jenkins agreed saying that the committee cannot determine how the alley will be used in the future. If a business with heavier use of the alley comes in over the next few years they will not be able to reassess for repairs in the old classification. Mr. Leubner reiterated his opposition to being assessed at a different rate from the other properties and why so much higher.

Mr. Kappel said that single and two family homes don't generate the traffic that apartments and commercial/industrial businesses do. There is more wear and tear on the alley and just because the current owner doesn't use the alley doesn't mean the next person might not use it more.

Ald. Stepaniak asked why the actual costs came in significantly higher. Mr. Kappel explained that there was a huge increase in the cost of cement due to a large amount being shipped overseas and the amount that is being used for the Marquette Interchange. He added that there were fluctuations in fuel costs and a shortage of contractors again because of the Marquette Interchange work.

Ald. Stepaniak noted that the other properties on the alley would have to share the cost. Mr. Kappel said that Mr. Luebner's charges would be split among 5 other property owners. Ald. Stepaniak observed that any relief for one person would cause an additional burden elsewhere.

Mr. Leubner said he didn't think the classifications are equitable and they put an unfair burden on the property owners. He thought the system needed to be addressed.

Mr. Kappel said this is the exact opposite argument used by the property owners on Jackson Park Blvd. in appealing their assessments. The residents felt the apartment buildings on their alley should pay more or all the cost because the apartment residents used the alley more.

Moved by Ald. Maher, seconded by Ald. Herzog to uphold the assessment with an option to spread out the alley paving assessment payments over 10 years –

Ald. Stepaniak said this is a tough question because the property owner has some legitimacy, but then the committee has heard the opposite argument from Jackson Park Blvd. If they tried to change the system, it would be very difficult to transition to any reclassifications. If Mr. Luebner's cost were added to the property owners assessments they would not be happy about that.

Vote on the motion was Ayes: 7

Ald. Grimm returned at 9:10 pm. (-8)

Bids received for printing and mailing services

Mr. Bembenek said the purchasing department had received proposals in May, 2005 for printing and mailing services covering a three year period. Items include printing and mailing monthly water bills, annual personal property and real estate tax bills, and quarterly retiree insurance bills. MailCom Consulting had provided these services with excellent results for the last five years, three of which were under a contractual agreement expiring in April, 2005. It was necessary to re-bid these services because negotiations to extend the contract with this vendor did not produce any savings for the city.

Mr. Bembenek said the low bidder was A.B. Data. The city uses some unique software and there were some concerns as to whether A.B. Data would be able to work with the city's databases involved with printing the bills. It took a lot of effort and communication between A.B. Data, Gems, GCS and the city when A.B. Data made an initial effort to set up the format for the billings and incorporate the city data into appropriate bill fields.

After a few corrections to the property tax bills, the submittals from A.B.Data received last summer were acceptable. The major portion of the contract involves monthly printing of water bills. A.B. Data had difficulty placing all of the information in the proper location on the bill. Final proofs were received on October 24th. City staff reviewed these submittals and found a number of technical shortcomings. He felt that A.B. Data addressed all of the concerns they had. He recommended awarding a three year contract with A.B. Data for the city's printing and mailing services.

Mr. Wojcehowicz said they are concurring reluctantly with the Purchasing Manager's recommendation. They felt that MailCom Consulting has been doing a great job. They want to make sure the bills that are sent are accurate and they found that A.B. Data didn't follow their own time table. A.B. Data does the bills for West Allis and the Milwaukee Water Works. They don't know what the problems there will be until the system is up and running. He noted that there would be a savings of approximately \$7,500 from the utility's perspective.

Mr. Braier said they use the service once a year. His concern is that if the bills are sent out one day late, it can wipe out the cost of the service. They have gotten great service from MailCom. He explained that they use a GCS system which is different from West Allis. This means that the printer has to do some data processing on their end. A wrong tax bill or a late tax bill would not be good. He noted that they do have to make adjustments from year to year.

Ald. Maher asked if the rates included the fees. Mr. Bembenek said if there were new programming charges, that would be stated in the tabulation as far as hourly charges. A new programming charge would only happen if there is a change in the software.

Ald. Meaux asked if one of the options would be to use A.B. Data for the water utility bills. Mr. Bembenek said that the Request For Proposals (RFP) was based on the inclusion of all the bills. A.B. Data indicated that if they were to get a portion of the business, they would adjust their bid.

Ald. Jenkins asked if given the real concerns of the Finance Director, would the company be willing to guarantee the date of printing and mailing for the tax bills. Mr. Braier said they made that commitment in Brookfield and then Brookfield's bills were sent to a lock box in Illinois.

Mr. Bembenek noted that the situation with the MailCom "contract" was that it was not a contract, but an agreement to hold their prices for three years. Mr. Braier said that MailCom agreed to a price and he signed that price agreement. Mr. Kesner concurred saying that there was no contract involved only an agreement by MailCom to provide a certain price for their services.

Ald. Stepaniak noted that the city requests bids in order to get a price difference. If there is a concern with regard to the low bidder that could be a reason not to take the low bid. There may be arguments here to do that; however, A.B. Data is producing bills appropriately at this point. He thought the market place would address some of the concerns and added that it makes sense to go with the low bidder.

Moved by Ald. Grimm, seconded by Ald. Purins to recommend accepting the low bid of A.B. Data for the city's printing and mailing services with the following stipulation: "The contract period may, upon 60-calendar days advanced written notice, be terminated by the city for reason of non-performance. The contract may also be terminated by mutual consent of the contractor and the city. Upon a roll call vote Ayes: 3, Noes: 5 (Bruderle-Baran, Herzog, Jenkins, Maher, Meaux)

Mr. Bembenek said that since the contract would come from his department, they would determine what would constitute non-performance. They would not be able to impose a penalty, just loss of business. Ald. Herzog suggested re-bidding the job with the tax and water bills separate.

Ald. Bruderle-Baran said she could not support the motion because there were too many questions and concerns. She was not comfortable with this contract and would rather make sure that the bills go out on time. Mr. Bembenek said they do not have a non-performance clause with printing vendors at this time. Ald. Maher thought there was too much at stake to take a chance on a new vendor.

Moved by Ald. Maher, seconded by Ald. Herzog to recommend entering into an agreement with MailCom Consulting for printing and mailing services.
Upon a roll call vote Ayes: 4, Noes: 4, (Bruderle-Baran, Grimm, Meaux, Purins)

Motion Fails.

Ald. Grimm felt that the city should abide by the bid process and save money for the city.

Ald. Meaux asked if the RFP could be resubmitted to A.B. Data with a break out of separate costs for the tax and water bills.

Moved by Ald. Meaux, seconded by Ald. Maher to resubmit a proposal to A.B. Data with a cost break out for the separate bills and to send out an RFP to all the vendors requesting their cost break outs --

After a discussion on the impact of breaking out costs involving the different companies, the motioner and the seconder decided to rescind their motion.

Moved by Ald. Herzog, seconded by Ald. Meaux to separate out the tax bills from the bid proposal for A.B. Data and accept a contract with them for all other types of city billing including water bills. If this cannot be accomplished to send out new RFPs for the printing and mailing service. To continue to use MailCom Consulting for one more year for the tax bills and if the price increases send out new RFPs for all printing and mailing services. Upon a roll call vote Ayes: 7, Noes: 1 (Grimm)

Ald. Stepaniak said the city does not have a legal mechanism to stay with MailCom. Mr. Braier noted that the tax service bill is \$4,000 or less and doesn't require Council approval.

Committee recessed at 9:50 and reconvened at 9:55 p.m.

Ald. Grimm left the meeting at 9:50 p.m. (-7)

Changes to Section 3.20 of the City Code pertaining to purchasing procedures

Mr. Wontorek provided information to the committee on the threshold for sealed bids in other municipalities. He said the City of West Allis requires written, electronic or oral proposals for purchases between \$5,000 and \$25,000. Sealed bids are required for purchases \$25,000 or over. The City of Milwaukee requires sealed bids for purchases that exceed \$30,000. In 2003, the National Institute of Government Purchasing (NIGP) conducted a benchmarking survey on various aspects of governmental purchasing. One specific question addressed the dollar level for bidding requirements. In the survey, 49% of the respondent cities had minimum bid levels of \$8,001 or higher and 22% had minimum bid levels of \$16,001 or higher.

Mr. Wontorek noted that the draft ordinance change make reference to the Wisconsin standard for public construction which is currently set at a minimum of \$15,000. Assembly Bill 146 proposes to increase that limit to \$25,000. He could not find any community that uses any other factor such as a percentage of budget or COLA factor.

Mr. Wontorek said the suggested changes to the ordinance are as follows: 1) sets the minimum for written quotations at \$1,000, 2) raises the minimum for sealed bids from \$8,000 to \$15,000, 3) removes the requirement for Common Council approval to award a bid over \$15,000 unless it is awarded to other than the lowest responsible bidder, 4) increases the maximum contract amount that a department director may approve from \$8,000 to \$15,000, 5) limits the bid surety to surety bonds, 6) deletes the requirement that rejection of an altered bid has to be made by the Common Council, 7) modifies the procedure to resolve a tied bid, 8) distinguishes between written quotations and sealed bids, 9) modifies the provision regarding disposal of surplus materials, 10) deletes obsolete language regarding storerooms and warehouses, 11) includes cooperative buying groups in the language, 12) modifies the language for escalator clauses, and 13) discusses whether specific types of purchases should be exempt from the bidding process. The rest is minor grammatical changes. The Council would also be allowed to waive the bidding requirements.

Ald. Stepaniak said that the issue of the purchase of the flu vaccine would come under the Council's ability to waive the bidding requirements. Mr. Wontorek added that that decision would remain until the Council changes the directive. Mr. Wontorek further explained that if the threshold were raised to \$15,000 the item would only come to the committee if the bid was being awarded to someone other than the low bidder.

Moved by Ald. Stepaniak, seconded by Ald. Jenkins to recommend that the Common Council draft an ordinance amending Section 3.20 of the City Code to increase the threshold to \$15,000 and to tie any future increases to state increases in public construction contracts --

Mr. Kesner said that number is pegged to the state's public construction threshold and the city's threshold would change similar to the way the state's public construction number changes and would change for all items.

Ald. Jenkins said the committee should have made these changes earlier. Ald. Bruderle-Baran asked about approving payment similar to the way the vouchers are approved. Mr. Wontorek said the Bills and Claims process is spelled out in state law. Mr. Braier noted that the committee gets a list of purchases in their packets. Mr. Wontorek added that if the city enters into a contract for more than one year the contract would have to come before the committee and the Council.

Ald. Herzog thought that raising the threshold to \$15,000 and possibly \$25,000 in the future would be somewhat of a radical jump. Mr. Wontorek said there is a question of whether the city can get better prices between sealed bids or quotations. Ald. Herzog asked why it was necessary to tie the threshold to the state ordinance. Why not just make the threshold \$15,000 now and change the amount later? Mr. Bembenek responded that it is simpler tie the threshold to the state contract.

Vote on the motion was Ayes: 7

Environmental clean up at 68th and State Streets

Mr. Kappel said that WE Energies discovered what appears to be a fuel storage tank in the public right-of-way at 68th and State Streets. They need to do the environmental clean up quickly because in three weeks the contractor from the Milwaukee Metropolitan Sewerage District (MMSD) would like to do more work in the area. The city is responsible; however, as the tank was uncovered by a contractor working indirectly for MMSD for the floodplain lowering project, their first request for funding will be from MMSD. The city will likely be responsible for any costs not covered by MMSD. Any city funding for the work will be covered by Tax Incremental Finance (TIF) District #3. He recommended entering into a contract with Geo Trans, Inc. in an amount not to exceed \$30,000.

Moved by Ald. Herzog, seconded by Ald. Maher to recommend approval for the environmental clean up at 68th and State Streets by Geo Trans, Inc. at a cost not to exceed \$30,000 – 7

Vouchers

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
D. Redman	\$272.00	Fire – 3/2-3/3/06 – Wisconsin Dells WI Fire Chiefs Assoc. Conference
M. Anton, P. Nook	\$592.00	Fire – 3/1-3/3/06 – Wisconsin Dells WI Fire Chiefs Assoc. Conference
9 Arborists	\$210.00	Forestry – 2/1-2/22/06 – Waukesha 2006 Landscaping & Grounds Maintenance short course
K. Walbrant, P. Allen, R. Mente	\$105.00	Parks – 2/1-02/22/06 – Waukesha 2006 Landscaping & Grounds Maintenance Short Course
K. Walbrant, P. Allen, R. Mente	\$30.00	Parks – 3/7/06 – Waukesha 2006 Spring Valley Turf Fair
M. Carberry	\$27.00	Fire – 1/27/06 – Milwaukee Annual EMS Conference
J. Stohler	\$2,039.31	Consortium – 2/19-2/25/06 – Washington, DC Preparedness Summit
T. Estness, T. Wontorek	\$40.00	Admin. – 3/16-3/17/06 – Madison WI Alliance of Cities
J. McGuire	\$77.92	Health – 3/22/06 – Madison Cancer Control Summit
M. Swanson	\$63.95	Health – 3/20/06 – Madison Tobacco Control Summit

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

The meeting adjourned at 10:15 p.m.

Carla A. Ledesma, City Clerk
City of Wauwatosa

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