

**BUDGET & FINANCE COMMITTEE MEETING**

Tuesday, May 30, 2006

Committee Room #2

PRESENT: Aids. Becker, Ewerdt, Grimm, Hanson, Krol, Maher, Purins, Stepaniak – 8

ALSO PRESENT: A. Kesner, Interim City Admin./City Atty.; R. Braier, Finance Dir.; W. Kappel, Pub. Works Dir.; R. Harris, City Planner

Ald. Stepaniak as Chair called the meeting to order at 8:10 p.m.

**Auditor's report and financial statements for the year ended December 31, 2005**

Mr. Braier introduced Irena Viscovsky and Don Villione from Virchow Krause & Company. Mr. Villione referred to a one page summary on the audit. He said the audit went very well this year. They worked closely with Mr. Braier, and other department heads. The financial results were very good as they have been in past years and he noted that there has been a number of improvements so there is no reason why the city shouldn't continue with its Aaa bond rating. He said they have reviewed the report with management.

Mr. Villione said that they develop an audit plan, review the controls and testing of control review compliance. They review account balances and after they have concluded the entire process they then issue an opinion and declare that the report is a fair presentation. Included in the report are a few comments, most of them boiler plate.

Mr. Villione said that a couple of minor adjustments have to be made by the management team to coordinate with standard accounting policies. Their key recommendation is to model the internal reporting after the external reporting. He noted that the city is in a stronger financial position than last year and approximately \$2 million better off than when the budget was developed. The city has the capacity to borrow \$255 million even with \$270 million in outstanding debt. He noted that there are only two other municipalities that are Aaa rated.

Mr. Braier said they go over the suggested changes after the audit is complete and they plan to comply with the suggestions. He noted that some of the recommended changes will make it a little more difficult to prepare information for the Budget Committee during the budget review.

Ald. Purins asked Mr. Villione if they review the suggestions from last year. Mr. Villione said they review last year's suggestions as part of the report and they comment on that.

Ald. Krol said he thought that Mr. Braier and the other city departments have done an exceptional job of protecting the city's Aaa bond rating. This speaks volumes as far as fiscal responsibility. The city is in a healthy financial position in terms of overall borrowing and the impact on the community. Mr. Villione said the accountability is excellent. The documents they request are always available.

Ald. Maher asked if the reason for the large revenue bonds has to do with the GE Healthcare facility. He expressed disappointment with the management discussion analysis piece and wanted to know why the water utility wasn't included.

Mr. Braier said that the water utility is addressed in the larger report. Reporting on the water utility is not a requirement, but the report keeps being requested. Ald. Maher said if they are getting a separate report for the water utility, he would like to have the feedback.

Ald. Becker asked if there were any recommendations for the water utility. Mr. Villione said that if anything comes to light, they will include it in the management letter.

Ald. Stepaniak said they had talked in past years about a 5-10% debt ratio. Mr. Braier responded that the true reserve is within the 10-12% range of the total budget and they are on target with that number.

Ald. Stepaniak noted that a variety of TIF Districts are mentioned. Mr. Braier explained that the biggest TIF District is TIF #2 in the Research Park. The bonding is \$32 million and they anticipate that that TIF will be done by 2016. TIF #2 was producing enough increments that they have been able to make improvements all along. TIF District #3 is State Street. This TIF has been producing increments from the reserve; however, most of that was spent on the water main project. They don't know when that will be complete, but the project plan will be coming up shortly. TIF District #4 is on Blue Mound Road and Highway 100. This site improvement will be completed in 9 more years. All of the TIFs have very good fund balances.

Moved by Ald. Maher, seconded by Ald. Hanson to accept the report and place it on file.

### **Re-allocation of existing Community Development Block Grant (CDBG) funds**

Mr. Harris said that staff is requesting to re-allocate a total of \$672,000 of previously allocated federal Community Development Block Grant (CDBG) funds for the purpose of funding the storm water and water main portion of two CDBG eligible engineering projects for the 2006 CDBG program year. The projects are located on N. 118<sup>th</sup> Street between Center and Locust Streets and N. 122<sup>nd</sup> Street also between Center and Locust Streets. The water main portion of the proposed re-allocation will be \$157,000 and the storm water portion will be \$515,000. They were able to go through the projects that were closed with surpluses and use that money to fund the majority of those engineering projects. He explained that if there is a surplus, it does not revert back to the federal government, but stays in Wauwatosa. This was reviewed by the Finance Director, the engineering department, the Community Development Director and the federal system that plugs into the grant system. Mr. Kappel added that there is a need to complete these projects or they will have to be refunded. Mr. Harris noted that the list of projects will empty out the funds.

Ald. Maher asked for a definition of the distinctions between the status of the projects. Mr. Harris said that closed means closed in the federal system. Surplus means those projects are kept open for future bills. Not eligible in the case of the Kneeland Walker House means that the work was done and completed and it is no longer considered a blighted property.

Moved by Ald. Maher, seconded by Ald. Purins to recommend approval to re-allocate Community Development Block Grant funds in the amount of \$157,000 for the water main portion and \$515,000 for the storm water portion --

Ald. Purins asked if there is a list that is all inclusive. Mr. Harris said they can create an inclusive list.

Ald. Becker asked if these projects would affect the water rates. Mr. Braier said that grants and CDBG construction don't affect the water rate case. If the water utility paid for the water main construction out of their dollars, the cost would fall into their accounting and would affect the water rates.

Ald. Grimm asked if any of the funds were used on the water main on State Street. Mr. Kappel that the State Street water main was funded through TIF District #3 monies.

Vote on the motion was Ayes: 8

**Award of garbage cart purchase to RNOW, Inc.**

Mr. Kappel said they thought the lowest bidder for this purchase last year was the best; however, hurricane Katrina caused the manufacturer to go out of business. There are two carts under consideration. One has a lower profile, better stability and lack of rough edges. That cart comes from RNOW, Inc. Even at a few cents more, it is the opinion of the public works staff, the recycling committee and himself that it is worth the extra money for the cart from RNOW, Inc. He said the budget contains \$20,000 and the cost for purchasing a load would be \$23,900. They would need a \$4,000 transfer and the money will be available in the solid waste budget for Sundry Contractual Services.

Ald. Stepaniak asked if this was a multiple year change over. Mr. Kappel responded that the carts they would purchase would be used as replacements when the current carts can no longer be repaired. The older carts have gone well past their life expectancy and they see no reason for a city wide replacement. The residents generally take good care of their carts.

Ald. Grimm asked if the covers will stay closed. Mr. Kappel noted that there are no manufacturers that provide locks for garbage carts any more. The lid should stay on and the cart should be easier to maneuver in the winter time. The cart will hold about 90 gallons.

Moved by Ald. Krol, seconded by Ald. Hanson to recommend approval of the purchase of garbage carts from RNOW, Inc. in the amount of \$23,987.70 – 8

**Transfer from the Reserve for Contingencies to install a pole mounted speed recording device on N. 68<sup>th</sup> Street near Jefferson School**

It was the consensus of the committee to hold this item.

**Vouchers**

<b><u>NAME</u></b>	<b><u>AMOUNT</u></b>	<b><u>FOR</u></b>
J. Roy	\$41.49	Police – 5/7-5/10/06 – Green Bay Reid Street Crimes Program
D. Cefalu	\$354.04	Police – 1/17-4/13/06 – Oak Creek Law Enforcement Training
J. Stohler	\$270.59	Consortium – 4/19-4/20/06 – Stevens Point Prog. Coor./Fiscal Agent Meeting (Emergency Preparedness Consortium)
T. Brenzel	\$336.00	Police – 5/7-5/10/06 – Appleton Economic Crimes, Frauds, Schemes and Scams Training
F. Knapp	\$331.70	Building – 5/2-5/5/06 – Bayfield Commercial & UDC Cert.- Building Inspec. Institute
W. Mainus	\$331.70	Building – 5/2-5/5/06 – Bayfield Commercial & UDC Cert.- Building Inspec. Institute

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
D. Hanson	\$250.56	Pub. Works – 5/3-5/4/06 – Green Bay APWA 2006 Spring Conference
N. Welch	\$1,406.02	Comm. Devel. – 4/22-4/26-06 – San Antonio, TX APA National Conference
W. Gehrking	\$134.00	Police – 4/10-4/12/06 National Tech. Investigators Assoc. Mid-States Training Conference
T. Engleken	\$100.43	Police – 4/3-5/5/06 – Appleton Field Training Officer Instruction & Cert.
D. Wheaton	\$390.70	Building – 5/2-5/5/06 – Bayfield Building Inspec. Institute – required continuing education
R. Braier	\$1,953.71	Finance – 5/6-5/10/06 – Montreal, Canada Government Finance Officers Assoc. Conf.
Benz, Schilling, Rowe	\$25.00	City Clerk – 4/12-4/12/06 – Shorewood Board of Review Certification Training
M. Finken	\$188.00	Police – 5/12/06 – Milwaukee Essentials of Collections Law
P. Leist	\$112.21	Police – 4/23-4/25/06 – Manitowoc WI Triads 5 <sup>th</sup> Biennial State Training Conf.
J. Reit	\$75.00	Police – 5/4/06 – Milwaukee 19 <sup>th</sup> Annual Labor & Employment Law Sym.
J. Reit	\$75.00	Police – 4/26/06 – Brookfield Excel Training 2002 (XP)/2003: Level 1
J. Reit	\$75.00	Police – 4/26/06 – Brookfield Excel Training 2002 (XP)/2003: Level 2
D. Weiss	\$256.21	Police – 4/23-4/25/06 – Manitowoc WI Triads 5 <sup>th</sup> Biennial State Training Conference
B. Beckman	\$480.34	Police – 4/30-5/5/06 – Appleton Field Training Officer Instr. & Cert.
L. Kavelaris	\$215.54	Police – 5/7-5/10/06 – Oshkosh Crisis Negotiator Conf.
J. Kutz	\$82.64	Police – 5/7-5/10/06 – Oshkosh Crisis Negotiator Conf.

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
R. Torrez	\$86.25	Police – 5/7-5/10/06 – Appleton Economic Crimes, Frauds, Schemes and Scams Training
D. Semega	\$310.95	Police – 5/7-5/10/06 – Oshkosh Crisis Negotiator Conf.
B. Skornia	\$135.00	Police – 4/10-5/12/06 – Milwaukee Detective Bureau Training
T. Estness	\$133.11	Mayor – 5/18-5/19/06 – Manitowoc

Ald. Krol noted that one of the police officers went for training for a total of 59 days. Mr. Braier explained that the training is required for all new officers. Ald. Krol asked if the city provides lunch during the training. Mr. Braier said that Milwaukee Area Technical College (MATC) does not provide lunch so the city provides reimbursement for their meals. Ald. Krol asked if these officers were considered city employees. Mr. Braier said anyone who goes through the training is a hired city employee.

Ald. Krol asked if it was internal policy that the city pays for breakfast, lunch and dinner if meals are not provided by the conference the employee is attending. He noted that the gratuities he has seen on some of the bills brings the amount over \$30 for the day. He asked if it was the city's policy to reimburse employees for meals and the added gratuity seeing as it adds up over the years. He requested information on whether this policy is consistent with other municipalities and expressed concern that adding a gratuity is more like additional compensation.

Mr. Kesner said that employees are not required to submit every receipt. They only need to submit a receipts that go over the spending limit. That is the practice of the state and federal governments. He noted that this policy was set by the Common Council some years before.

Ald. Grimm said that the department head and the City Administrator has the final say on voucher expenditures. Mr. Kesner added that the money is already budgeted for conferences yearly. The city's policy is that employees can go to training within the departmental budget. Ald. Stepaniak pointed out that the vast majority of departmental conference and travel budgets are for required employee training and ongoing certification.

Ald. Ewerdt said he would like to change the policy to require that employees include every receipt that pertains to their submitted vouchers.

Moved by Ald. Maher, seconded by Ald. Krol that the vouchers be allowed and paid – 8

The meeting adjourned at 9:10 p.m.

Carla A. Ledesma, City Clerk  
City of Wauwatosa

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