

BUDGET & FINANCE COMMITTEE MEETING

Tuesday, June 27, 2006
Committee Room #2

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

ALSO PRESENT: A. Kesner, Interim City Admin./City Atty.; B. Aldana, Asst. City Atty./Personnel Dir.;
R. Braier, Finance Dir.; Police Chief B. Weber; M. Murphy, Library Director

Ald. Stepaniak as Chair called the meeting to order at 8:01 p.m.

Guidelines for the creation of the 2007 City of Wauwatosa Budget

Mr. Kesner said they are looking at the initial budget projection numbers and seeking direction on assisting the department directors in preparing their budget documents. He said that labor costs are essentially locked in, projected expenses related to benefits are unavoidable and there are increased costs for fuel and materials. At this point, the city is about \$1.6 million higher than the levy limit. He is suggesting that department directors plan for zero budgets. He would like to offer incentives to each department suggesting that if cuts can be made, the department directors can use that money for other programs in their departments. He would also like to select one of the major departments and one of the minor departments to go through a program based budget review to see how smoothly that transition can be made. He noted that Ald. Maher had provided the committee with 13 basic questions to ask during the budget process courtesy of the Urban Institute and the National League of Cities.

Ald. Stepaniak said the city has been operating on an executive budget concept. In that process the budget requests come to the city administrator and the mayor and then the city administrator and the mayor create a budget package that is reviewed by the committee. Mr. Kesner explained that during the initial compilation of budget requests the department directors will be given directions. The committee will then spend September going through the budget process. They will also make the water utility budget part of the budget review.

Mr. Braier gave the committee a draft copy of the Budget Committee agenda. He said the budget is tentatively due on August 3rd with executive review tentatively scheduled for August 14th. They hope to begin the budget review by the committee starting on September 7th. He also distributed a list of 2007 Budget projections. He noted that the payment for computer exemptions will be going down and the wages are on a 3% increase along with the step increases. The cost of fuel is rising and the debt service has gone down. He added that the last payment on the library addition was made in 2006. He put in a 2% increase in operating expenses.

Ald. Stepaniak said that state law prohibits the city from raising the tax levy. He asked if they had discretion in terms of the increase in wages. Mr. Braier said there is no discretion in wages because the numbers are locked in according to union contract. Ms. Aldana said there are roughly 90 non-represented employees and their salary increases basically mirror the union contracts. The union contracts settled at a 3% increase. Ald. Stepaniak said the city is looking at an increase in the tax levy even with continuing the status quo without any new programs. He noted that the departments are being asked to submit the same budget as last year with some incentives to decrease those budgets. Mr. Kesner stressed that the citywide revaluation will not affect the budget directly.

Ald. Ewerdt asked if the union contract is for 3 years. Mr. Kesner said the city is in year 2 of a 3 year contract. Ms. Aldana explained about the Carlson Dettman analysis that was done to create more stability and equity with the salary ranges pertaining to non-represented employees. She said that every January the employees get an across-the-board salary increase of 3%. They also get a step increase on their anniversary date. At some point,

employees that have been with the city for a long time, reach their maximum and the step increases are discontinued. The step increase is approximately 1.5% to 2%.

Ald. Krol said that some departments generate revenue and some don't have that opportunity. He asked if the revenue producing departments are going to look into increasing those revenues. Mr. Kesner said that some of those departments will be encouraged to participate in the incentives. Mr. Braier said they will reevaluate the current year and reestimate the balance of the budget at the end of June. Mr. Kesner said his initial impression is that the departments are doing well in their budget performance. Ald. Krol asked about the debt service in relation to the Hart Park project and the possible new fire station. Mr. Kesner explained that if the city needs to borrow more than \$3.5 million during one year, it needs to be done through the referendum process. It is predicted that both of those projects will more than likely reach that plateau. One or both will have to go to referendum. In response to a question regarding restructuring any existing debt, Mr. Braier said they have restructured the outstanding debt over 9 years and they have taken advantage of very low interest rates.

Ald. Maher asked about the purpose of the budget projections. Mr. Kesner responded that these projections were done to keep the committee informed. Mr. Braier noted that the city used to have a self-imposed levy limit, but now the limit is dictated by the state. Ald. Maher said the current budgeting structure does not give enough information to the committee. They need to look at things from a programming standpoint. There is no way to evaluate specific programs within different departments in the current budget format. He would like to see more narrative in order to explain any changes within the departmental budgets. He said that on the revenue side he has not heard about the Expenditure Restraint Program (ERP). If the city falls under the statutory levy limit the city would qualify for the ERP. Mr. Braier said that the ERP is a program that restricts the expenditures in the General Fund to a Consumer Price Index (CPI) that is determined by the state. If the city meets the state's criteria, the city's share would be \$1 million.

Ald. Maher said that the last fiscal year the city spent about \$1 million less than the year before; therefore, there should be a \$1 million bump at the end of this year. That is not too far off from where the city would like to maintain its fund balance, but there should be concerns if there are reductions to that account. He asked about funding for programs done through state aid as opposed to charging for some of those programs and services. He asked if the city should be looking at creating new charges.

Ald. Stepaniak asked if there was any indication regarding shared revenue from the state. Mr. Braier said they will be preparing this budget assuming that it is funded at the level frozen by the state of about \$900,000. That amount shouldn't change.

Ald. Grimm asked if there were any increases in requests for personnel especially since Hart Park will be triple the size it was. He was concerned that more personnel would be needed for park maintenance. Mr. Kesner said that there are no requests at the current time.

Ald. Purins said he was not sure any changes in the budget document would be related to a program based format. He would like to give some insight on any changes to the budget before it is created. He thought there was more data than information in the current budget format.

Ald. Maher said he was going to have a problem attending all of the budget meetings. He asked about changing the night to a different night than Thursday. Mr. Kesner responded that Thursdays in September are mandated by ordinance for the budget meetings. The committee would need Common Council approval to amend the ordinance to change the week night.

Moved by Ald. Maher, seconded by Ald. Krol to recommend that an ordinance be drafted to change the Budget Committee meetings from Thursday nights during September to any week night according to the discretion of the Budget Committee --

Ald. Purins noted that there needs to be adequate public notification. Mr. Kesner said they will need to line up the dates before the agenda is set.

Vote on the motion was Ayes: 8

Ald. Krol noted question #7 on the Urban Institute’s list of questions which reads “To what extent have you met your most recent targets? For targets that were not achieved, why were those targets missed? What does this latest budget do to correct the problems?” He thought this might be a helpful question for department heads to consider.

Ald. Hanson asked how much the city receives for the paramedic program and if that program were going to change. Mr. Kesner said there is very little information at this time; however, it is a strongly written contract with 40 more years left on it.

Ald. Stepaniak said it would be helpful to get information on the paramedic program before the budget meetings. Mr. Kesner reiterated that there isn’t much information at this time and it will probably be a while before they hear anything; however, he will try to get the information to the committee as soon as they receive it.

Ald. Ewerdt asked if the debt service will fluctuate significantly due to any future fire station plans and Hart Park. Mr. Braier said there are no changes for 2006 and the first payment for any debt service related to those projects will not be until 2008. They are devising a financing plan that may make it possible to avoid borrowing for Hart Park.

Ald. Maher asked about overtime in the police department. Chief Weber said they are very close to their projections for this year and last year they came within \$38 of their projections.

Ald. Stepaniak summarized that the Interim City Administrator was asking for a zero budget and incentives. It was the consensus of the committee that these guidelines for the 2007 Budget Review were acceptable.

Vouchers

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
J. Plass, A. Crawford	\$1,926.40	Comptroller – 6/7-6/10/06 – St. Louis, MO GEMS User Conference
W. Tarman-Ramcheck	\$810.62	Pub. Works – 6/10-6/19/06 – Albuquerque, NM Solid Waste Assoc. of North America Regional Recycling Conference
D. Koralewski Preparedness	\$2,054.00	West Allis/Consortium – Spring 2006 – PA PA State University – Public Health
M. Meske	\$34.11	Health – 4/28/06 – Oconomowoc Communicable Disease Conference
A. Eldredge	\$34.11	Health – 4/28/06 – Oconomowoc Communicable Disease Conference
J. Beix	\$34.11	Health – 4/28/06 – Oconomowoc Communicable Disease Conference

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
J. McGuire	\$34.11	Health – 4/28/06 – Oconomowoc Communicable Disease Conference
J. McGuire	\$100.87	Health – 6/2/06 – UW-Parkside 16 th Annual Gerontology “Aging Well” Conf.

Moved by Ald. Purins, seconded by Ald. Becker that the vouchers
be allowed and paid – 8

The meeting adjourned at 9:01 p.m.

Carla A. Ledesma, City Clerk
City of Wauwatosa

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