

**BUDGET & FINANCE COMMITTEE MEETING**

Tuesday, December 12, 2006

Committee Room #2

**PRESENT:** Alds. Becker (8:37 p.m.), Ewerdt, Grimm, Krol, Hanson, Maher, Purins, Stepaniak – 8

**ALSO PRESENT:** J. Archambo, City Admin.; A. Kesner, City Atty.; B. Aldana, Asst City Atty./Personnel Admin.; R. Braier, Finance Dir.; W. Kappel, Pub. Works Dir.; W. Wehrley, City Engin.; Police Capt. J. Reit; Dr. N. Kreuser, Health Officer; J. Bembenek, Purchasing Mgr.; R. Lenski, Dep. Assessor; R. Tuff, Appraiser I

Ald. Stepaniak as Chair called the meeting to order at 8:20 p.m.

**Various requests for carryover of funds**

Ald. Purins asked for the total amount of the carryovers requested by the police department. Capt. Reit said the total amount was approximately \$150,000 for various projects. Mr. Braier said that the departmental requests were items that were approved in the 2006 budget, but were either not purchased or completed in 2006. The departments are asking that the funds be carried over to 2007 and used for the same purpose as the 2006 budget request. He added that these funds would lapse if they were not carried over.

Ald. Hanson asked about the request from the City Assessor. Mr. Lenski responded that they were unable to finish some of the projects budgeted this year because of the citywide revaluation. They will finish those projects next year. He noted that 80% of the funds are for Sundry Contractual Services related to the scope of financial analysis that will be needed regarding the Board of Review's case for Covenant's, St. Joseph's Outpatient Clinic.

Ald. Maher asked about the status of the community development department request to carryover \$75,000 of 2006 funds for hiring consultants to develop a comprehensive plan for the city. Mr. Kappel said the department has developed a Request for Proposals and the final step of the review is almost ready.

Moved by Ald. Maher, seconded by Ald. Hanson to recommend approval of various departmental requests as recommended for carryover of funds from 2006 to 2007 – 7

**Grant funds for 2007 Bioterrorism Consortium workforce development**

Dr. Kreuser said they have made the same request for the past 3 years. They are asking that 2007 Bioterrorism Consortium grant funds in the amount of \$200,000 be allocated toward the Milwaukee/Waukesha Consortium for Public Health Emergency Preparedness for the education and training of the public health workforce.

Ald. Krol noted that the City of Wauwatosa is the fiscal agent for the grant money. He asked if other city Councils have to approve this expenditure. Dr. Kreuser said that as fiscal agent every financial decision goes through the City of Wauwatosa using city rules.

Moved by Ald. Krol, seconded by Ald. Grimm to recommend approval of the execution of 2007 grant funds in the amount of \$200,000 for the education and training of the public health workforce – 7

**Continuation of Blackberry communications service and carryover of 2005 funds for upgrades**

Dr. Kreuser said they have been with T-Mobile since 2003. They would like to continue service with them including communications software, hardware and equipment. T-Mobile is their current Blackberry vendor and they need to upgrade their obsolete models. They have an existing federal GSA contract and desire to continue with this vendor at this time. There is no cost to the city for Blackberry software, equipment or service. The Centers for Disease Control (CDC) bioterrorism consortium grant funds were earmarked for the redundant communications infrastructure. The estimated cost for 2007 is \$56,400 for 93 Blackberry units. The estimated cost of upgrading the Blackberry units is approximately \$9,300 (using 2005 carryover funds).

Moved by Ald. Hanson, seconded by Ald. Purins to recommend approval of continued service with T-Mobil using the executed 2007 grant funds and using 2005 carryover funds in the amount of \$9,300 for Blackberry unit upgrades – 8

Ald. Ewerdt asked how long the Bioterrorism Consortium has used the Blackberry units. Dr. Kreuser responded that they have been in use since 2003 and all of the health departments carry them. Ald. Ewerdt said he was surprised that the contract was only for one year. Mr. Bembenek said the one year contract is a very good deal.

Vote on the motion was Ayes: 8

**Purchase of computers and infrastructure for the Bioterrorism Consortium and execution of a grant using 2005 carryover funds**

Dr. Kreuser said that one of the objectives for the Bioterrorism Consortium grant is to build infrastructure capacity in public health information systems. The consortium hired a consultant to assess the existing capacity of consortium health department computer technology. The consortium identified a need to replace selected computers. A portion of the computers purchased in 2003 will be replaced since the model had a defect which resulted in hard drive failure in multiple computers. The health department surveyed participating consortium health departments to determine their needs. The proposed equipment and estimated costs include 36 notebooks for a total of \$46,800, 45 desktops for a total of \$49,500 and 12 Polycom phone speaker units for a total of \$6,000. She said there is approximately \$166,000 in 2005 carryover funds to spend down prior to December 31, 2006. There is no cost to the city. A majority of the equipment purchase will piggyback off of a local, state, or federal contract so there is no need for a Request for Proposals. The estimated cost is approximately \$102,300.

Dr. Kreuser said there may also be some additional feature requests for confidentiality and there may be minor adjustments to the number or type of computers per department. The estimated costs for the additional features should not exceed \$20,250. This purchase covers 14 health departments that are part of the bioterrorism consortium.

Ald. Purins asked what type of warranties the city has been buying. Mr. Bembenek responded that they have purchased 3 year warranties.

Moved by Ald. Grimm, seconded by Ald. Maher to recommend approval of the group purchase of technology and equipment for improved capacity and execution of grant using 2005 carryover funds in the amount of \$122,550 – 8

### **Three year contract for fiber internet service**

Mr. Bembenek said the three year contract with AT&T is expiring in January of 2007. Their original intent was to extend the contract for one additional year; however, the Information Systems Mgr. and the police department have noted diminished performance in their internet service. Faster performance or bandwidth is more costly and he has solicited proposals from AT&T, DLS Internet Services, Time Warner Cable and Time Warner Telecom. Two other suppliers, Sprint Nextel and Choice One, did not respond. All of these providers were at least \$100 more per month in cost. Only Time Warner Cable offers a guaranteed 3 megabyte internet service for only \$40 more per month. This is twice the speed the city has now. He said the health department's consortium funding will provide for the first year of the contract. The remaining 24 months will have to be funded by the information systems department. He recommended approval of a new 3 year contract with Time Warner Cable for fiber internet service at a monthly cost of \$640. He added that the other proposals had an installation cost of \$1,000 or higher; however, Time Warner does not have an installation charge.

Ald. Maher asked about the benefit of having a 3 year contract as opposed to a one year contract. Mr. Bembenek responded that everyone they contacted lowered their price for the 3 year contract.

Ald. Ewerdt asked about the diminished communications in the police department. Mr. Bembenek said the police department's communications include their squad cars and the internet and they can slow down with an increased amount of users unless there is a switch to faster service.

Moved by Ald. Ewerdt, seconded by Ald. Hanson to recommend approval of a new 3 year contract with Time Warner Cable for fiber internet service at a monthly cost of \$640 – 8

### **Fund transfer, change of purpose and budget carryover for Plotter replacement**

Mr. Wehrley said they would like to carryover \$25,000 to purchase a plotter. Approximately every 10 years the engineering department contacts out for aerial photography of the entire city. The products they have received from the aerial flights are mylars which can be used for black and white prints. The last flight was done in 1994. In 2005, his department budgeted \$25,000 to refly the city and produce new mylars. That same year Milwaukee County contracted for an aerial flight of the entire county. The product from that flight is digital files of the aerial photography, but not mylar reproductions. In 2005, they received Common Council approval to carryover the \$25,000 budgeted for the flight in 2006 so they could evaluate the quality of the county's flight in lieu of our flight. In 2006 they received digital files from the county's flight and determined that the resolution of the files is sufficient to meet their current needs. They began investigating how to convert the digital files into a reproducible product. They discovered that the cost to create reproducible mylars from the digital files could exceed the cost of purchasing a new color plotter. The new color plotter would eliminate the need for mylars and they would have the ability to print out color aerial photographs of any area of the city instead of running black and white copies of predetermined grids.

Mr. Wehrley said that due to the complexity of the different plotters available and the need to coordinate with their existing CAD and GIS systems, they would like additional time to evaluate which plotter combination would be best suited to meet their needs. He said the budget may be sufficient to include a scanner. This could supplement and eventually replace their existing large-format copier. He recommended the Change of Purpose, fund transfer and carryover of funds from 2006 to 2007. He further recommended approval of a 2007 capital expenditure for the purchase of a plotter and a scanner. They also recommend any monies remaining in the account after the purchase to be authorized for transfer into appropriate expenditure accounts for the purpose of optimizing the plotter and scanner to work with their existing CAD and GIS systems and any other GIS enhancements not related to the plotter or scanner.

Ald. Maher asked if the public requests would be charged more considering the increased cost. Mr. Wehrley said they would increase the charge for the service according to their increased costs.

Moved by Ald. Maher, seconded by Ald. Becker to recommend approval of the Change of Purpose, fund transfer and carryover of funds from 2006 to 2007 in the amount \$25,000 for the purchase of a plotter and a scanner with the remaining monies transferred into appropriate expenditure accounts for the purpose of optimizing the plotter and scanner to work with existing CAD and GIS systems and other GIS enhancement not related to the plotter or scanner --

Mr. Kappel said they are asking for the carryover and Change of Purpose because they are still doing the research on the purchase and that will be carried over into 2007.

Vote on the motion was Ayes: 8

### **Fund transfer for 2006 Capital Projects**

Mr. Wehrley said that final quantities are coming in from 2006 street paving projects and the Hart Park Flood Plain Lowering Project. Some of the final contract quantities have exceeded planned estimates resulting in increased project costs. Final quantities for the city funded portions of the Hart Park Flood Plain Lowering Project have not been determined as of yet, but preliminary estimates from the Milwaukee Metropolitan Sewerage District (MMSD) indicate that they may exceed the 2006 budget. He recommended approval of the fund transfer and two Change Orders subject to subsequent approval by the Board of Public Works.

Ald. Ewerdt asked why there were increases in the contracts. Mr. Wehrley explained that the contracts are unit bid. They estimate the front footage, but when they grind the asphalt off it may turn out to be more. The contractor is paid by the amount of square feet they work on.

Moved by Ald. Maher, seconded by Ald. Hanson to recommend approval of the fund transfer in the amount of \$195,000 and two Change Orders subject to subsequent approval by the Board of Public Works – 8

### **Carryover of balance of 2006 Traffic Control Lamp account funds to the 2007 Traffic Control Pre-emption account for installation of pre-emption controls**

Mr. Kappel said the department is requesting the carryover of the remaining balance in the Traffic Control Lamp account to 2007 for the purpose of beginning a phased in pre-emption control program at signalized intersections. During the 2007 budget discussions the department noted that the monies had been removed from the fire department request under pre-emption, but were never added to the Traffic Control budget. They also informed the Budget Committee of their intent to use the remaining funds in the lamp account to pursue this initiative rather than ask for additional funding. They requested to carry over the balance in the Lamp Account which stands at approximately \$28,000 and to begin upgrading and installing pre-emption devices at city signalized intersections. The excess funds in this account were carried over from the 2005 traffic control operating budget for LED signal lamps and not needed. He recommended carrying over the balance of the 2006 Traffic Control Lamp account to the 2007 Traffic Control Pre-emption account for the purpose of installing pre-emption devices on city traffic signals. He noted that the first intersections to be worked on will be along the North Avenue corridor.

Ald. Stepaniak noted that this was a safety consideration. Mr. Kappel explained that the pre-emption device changes the lights to green for emergency vehicles. Ald. Ewerdt asked who has access to the signals. Mr. Kappel responded that the fire department has emitters that send a signal to the pre-emption devices. Mr. Wehrley said the standard the city follows is the Department of Transportation (DOT) standard. Brookfield uses another standard, but it is compatible with the DOT. Ald. Grimm asked how much it cost to install each box. Mr. Wehrley said the cost is unique at each intersection.

Moved by Ald. Krol, seconded by Ald. Maher to recommend approval to carryover of the balance of the 2006 Traffic Control Lamp account in the amount of \$28,000 to the 2007 Traffic Control Pre-emption account for the purpose of installing pre-emption devices on city traffic signals – 8

**Proposed amendments to the charter ordinance regarding the city's general obligation bonding limitation**

Mr. Archambo said he was not sure that the two following items should be handled separately. He noted that the City Engineer distributed a draft spread sheet which is a fundamental look at the issues leading to the question of whether the bonding limit should be increased. He said the question is what amount of money is needed on an annual basis to maintain infrastructure. He asked the committee to think about the methodology they want to use to make these determinations and how much capital funding is needed to maintain a consistent level of service and infrastructure.

Mr. Wehrley said they have been struggling with what sort of information the committee would find helpful to make an informed decision. The Citizen's Advisory Committee on Capital Improvements did not look at the level of detail contained in the draft spreadsheet. His department has determined that they should be paving 4.4 miles per year. In 2006, they paved 2.2 miles indicating that they are only doing half the work they should be doing in order to maintain the streets.

John Albert, Citizens Advisory Capital Improvements Committee, 1922 N. 122<sup>nd</sup> Street, said it became evident years ago that on the surface, the city was not providing adequate money for its capital needs. One example is that the city put off year after year replacing a new roof on the public works building. When the cost got prohibitive there was a proposal to replace half the roof each year over two years. At that point it was suggested that the annual bonding limit be increased. He said the Capital Improvements Committee has gotten much better over the years; however, it is clear that the city is not keeping up with the street repairs. He said the city has leveled the cost by doing a certain amount of work each year, but there is a danger of building a bubble of costly repairs at the end. There needs to be more adequate spending on infrastructure. He found that a good rule of thumb is that if the focus is on property values and the infrastructure is being managed to optimize properties, it will not be difficult to make the right decisions. He was promoting an increase in the bonding limit to a reasonable level and indexing. He stressed that the Capital Improvements Committee does not want the city to slip into inaction. There is a hesitancy to raise taxes which is good, but there is also a hesitancy to raise the bonding level.

Ald. Krol said he thought that the real issue seems to be on what projects the increase would be used. Mr. Braier indicated that the bonding has been increased 5 times in the last 40 years. He didn't personally have a problem with raising the bonding limit. He felt the discussion that should be happening is if the bonding limit is increased what amount of work is going to be done on an annual basis and is there adequate staffing that won't result in a carryover.

Ald. Purins said the issue of passing the 2007-2011 Capital Improvement Program is a different issue from passing an increase in the bond limitation. Changing the bond limitation would require a change in the charter ordinance that would take 60 days to take effect. Mr. Kappel said they are already into the design of the 2007 Capital Improvement Program. Ald. Purins felt that the two issues should not be tied together. He noted that bonding presents the city with a number of value judgments. The annual total cost of all the projects is a little over \$8 million. The annual capital budget is approximately \$8.5 million. He observed that the city could be setting these amounts aside in reserve funds so that, for example, a building can be replaced when needed. Setting the money aside would allow the city the money that is needed. The assumption is that this is how the public manages their money. He was interested in knowing how many communities have debt service and how that relates to the size of the community. He asked if there was a small percentage the city is allowed to bond by law. Mr. Braier said the city can borrow up to \$250 million and they are at \$30 million right now. Ald. Purins asked about being able to catch up on the road projects. Mr. Kappel said at this point, it is impossible to catch up, but depending on the amount of catch up work the city might be able to determine how much money to borrow and when. Ald. Purins

suggested that instead of indexing, the city could borrow \$7 million. The money doesn't have to be spent, but it would be available and would give the city flexibility. He asked if indexing makes more or less sense. He was not clear that there was any advantage to indexing.

Ald. Maher said this seems to be an either/or option when there are other funding options. The draft spreadsheet provides a greater context for how best to fund costs. He asked about the implications of modifying the projects. If the premise is that the street has a certain grade level what would happen if it the grade level were to be modified either up or down? He also noted certain years when there are spikes in costs. Averaging the project costs masks some of the potential spikes. The current debt service doesn't include Hart Park or the fire station. He would like to see more progress made along these lines and have a discussion about the projects and how best to fund them.

Mr. Kappel asked if it would be helpful to compare the city's 27 priority ratings with other municipalities. It is necessary for the committee to understand what their comfort level is regarding the condition of the streets. Mr. Kappel noted that replacing the underground infrastructure is based on the street conditions; however, there is no narrative regarding those projects. One of the issues for the committee is that there has been a shift from the surface streets to under the roads and spending more to repair the unseen infrastructure rather than what is seen. The annual report shows numbers for street repair, but not for storm and sanitary sewers.

Mr. Archambo said the spreadsheet shows annualized averaging. There are also a number of spikes that are averaged. He mentioned the concept of intergenerational equity. He is aware of two communities that have worked to eliminate their debt. These communities have adopted the idea that the current residents are paying for what the next generation will use. The opposite philosophy is purely borrowing for every capital expenditure and paying for it as it is used. There are no communities at either extreme.

Ald. Purins asked if Mr. Kappel could give any of the presentations that were given to the Capital Improvements Committee to the Budget & Finance Committee. He would like to see the same information in order to make an informed decision.

Ald. Stepaniak said it sounds as if there is openness by the committee to have a greater investment in the Capital Improvement Program, but the members are not sure of the components of that investment. He suggested holding the item for more information. He would like to see an illustration of different pavement quality so there will be a sense of the funding that is needed.

Mr. Kappel said if they had more money to spend they would go back and invest in looking at the condition of the sewers that were not inspected when some of the streets were paved. Ald. Purins said he would also like to see a small spreadsheet of the impact on the average homeowner.

Ald. Ewerdt said the draft spreadsheet is a real help. Mr. Kappel cautioned that there is a lot of estimation in the spreadsheet. Ald. Ewerdt asked about the elimination of the individual project limitation in 2002. Ald. Stepaniak said the limitation had been \$1 million for a single project, but that was eliminated in order to provide more flexibility in Capital Improvement Program planning. Ald. Ewerdt asked about projects that are not yet closed. Mr. Kappel said there are many reasons for contracts not being closed including delayed billing. Ald. Ewerdt asked about raising the charges residents pay for paving from 60% to 80%. Mr. Wehrley said they have changed the assessment resolution to increase the paving by \$1 per front footage. Ald. Ewerdt asked about the differing philosophies for funding these projects and cities that want to be debt free. He asked where Wauwatosa was on a scale of one to ten. Mr. Archambo said that in the end, both philosophies reach the same goal. Mr. Braier said that the way the city funds the Capital Improvement Program is much cheaper for the taxpayers because the city can borrow money for less. Ald. Maher observed that Wauwatosa tends to be on the lower end of debt service. Mr. Braier added that Wauwatosa is a fully developed city and younger cities need to borrow more in order to build new roads and other infrastructure.

Moved by Ald. Krol, seconded by Ald. Maher to hold this item until  
January 9, 2007 for further information – 8

**2007-2011 Capital Improvement Program**

Moved by Ald. Maher, seconded by Ald. Krol to hold this time until  
January 9, 2007 – 8

**Vouchers**

<b><u>NAME</u></b>	<b><u>AMOUNT</u></b>	<b><u>FOR</u></b>
D. Spankowski	\$120.00	Water – 10/18/06 – West Bend Distribution Class & Certification Exam
R. Braier	\$100.00	Finance – 11/30-12/1/06 – Brookfield WI Government Finance Officers Assoc. Conf.
L. Laurishke	\$209.35	Police – 12/5/06 – Brookfield Conf. for Administrative Assistants
T. Kobbs	\$209.30	Police – 12/5/06 – Brookfield Conf. for Administrative Assistants
E. Palzewicz	\$209.35	Police – 12/5/06 – Brookfield Conf. for Administrative Assistants
M. Swanson	\$88.26	Health – 12/1/06 – Oshkosh Public Health Nutrition Update: Women, Infants & Children

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

The meeting adjourned at 10:32 p.m.

Carla A. Ledesma, City Clerk  
City of Wauwatosa

svh