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BUDGET & FINANCE COMMITTEE MEETING

Tuesday, February 26, 2008

Committee Room #2

PRESENT: Aids. Ewerdt, Grimm, Stepaniak, Becker, Krol, Purins, Maher - 7

EXCUSED: Ald. Hanson

ALSO PRESENT: J. Archambo, City Admin.; Ron Braier, Comptroller; W. Kappel, Public Works Dir., Bill Wehrley, City Engineer; Nancy Kreuser, Health Officer; J. Wojcehowicz, Water Supt.

Ald. Stepaniak as Chair called the meeting to order at 8:08 p.m.

National Association of County and City Health Officials (NACCHO) Accreditation Preparation and QI Demonstration Project Grant

The committee reviewed a memo from Nancy Kreuser requesting permission to apply for a \$15,000 grant for national accreditation for the health department. This is a non matching grant which goes from April thru November of 2008. This funding is for technical assistance for data collection and review.

Ms. Kreuser reported that this is based on essential services; eventually accreditation will be mandatory across the country, but not required now. Wauwatosa will be part of a pilot program at the national level. This is reviewed on a three year basis.

Moved by Ald. Maher, seconded by Ald. Becker to recommend approval to apply for a National Association of County and City Health Officials Accreditation Preparation and QI Demonstration Project Grant in the amount of \$15,000 - 7

Five Year Capital Improvements Program

Mr. Archambo explained to the committee that this item and the item regarding the General Obligation Promissory Note are inter-related. The Five Year Capital Plan has been modified with increased roads to be repaired. This also includes pertinent infrastructure. Minor modifications have been made including reduction of spot improvements.

Mr. Archambo noted that Ruby Ave. has been included in the program. The current interest rate for borrowing money is extremely favorable. The difference in the current interest rate and a 4% interest rate would be borrowing approximately \$1 million interest free. He stressed that this year would be a good time to do more projects. He further noted that the engineering department is requesting consultant assistance for 2008 projects due to the volume of improvements being done this year.

Mr. Wehrley summarized the Capital Improvement Plan being presented. The Ruby Ave. project was added as this project has been delayed numerous times due to lack of funds. The cost of Ruby Ave. is \$1.6 million for sanitary, storm and paving with an additional \$485,000 for water.

John Albert, Citizens Capital Improvements Committee, 1922 N. 122nd St., commented that the committee has encouraged the city to get back to a managed infrastructure. He encouraged the authorization of funding needed to do this.

Richard Doyle, Citizens Capital Improvements Committee, 2426 N 115th St., felt they had no say in the bonding cap issue and was concerned about that. He did not want to see the cap lifted as it could mean unlimited spending.

Mr. Wojcehowicz reported that Ruby Ave. was not included in the water depts. budget for 2008. This is a huge utility expenditure that wasn't budgeted for.

Ald. Maher commented that with the new capital improvement plan presented, he had concerns of incurring more debt service as they will be almost doubling what the city is bonded for. He asked Mr. Braier what incurring this debt would look like for the city, relative to the assessed valuation. Mr. Braier responded that he did not have that detail with him. Ald. Maher felt that this detail should be included as the committee has been put in a stewardship role regarding debt service. He asked if there should have been an analysis presented with this package.

Ald. Maher expressed concern that the utility was not informed of approximately a half million dollar expenditure. He asked if this was going to affect the budget for the water utility other than incurring additional bonding. Greater communication is needed between the water and engineering departments. Mr. Wojcehowicz noted that this project has been held for a very long time because of the bonding cap. In developing the water budget for 2008, Ruby Ave. was not included in the five year plan.

A discussion ensued as to how the water portion would be funded with the idea that the funding will need to be decided in the 2009 budget. A proportionate amount could be paid through water sewer. The start date for this project is in the fall.

Ald. Maher noted that there is a spike in bonding notes this year and a drop in 2009. There is a dramatic increase in other sources for about \$4 million.

Ald. Kroll asked about the status of Hart Park. Mr. Wehrley reported that the tot lot playground equipment will hopefully be under construction this year and is being placed between 68th and 70th street. Flood proofing of the Mueller Building is another big project being funded through MMSD. Mr. Kappel mentioned that the Park Board is taking under consideration fund-raising planning. The infrastructure fund-raising has been done. Items already funded are being constructed. The Rotary pavilion will be used as a fund-raising jumpstart.

Mr. Braier reported that \$2.1 million for the fire department is short term borrowing, probably to be used for purchasing some properties and for architect fees.

Ald. Maher noted that if the city exceeds the five million dollar threshold there could be IRS implications. This puts the city into a large issuer status. Mr. Braier responded that this information is included in his memo and that the timetable included in the packets, show the city would be in compliance with the IRS.

Ald. Maher commented that the committee's role is to monitor debt service and that benchmarks are needed for the future. He didn't feel that the committee should pick and choose what gets done. They should be monitoring debt policy. Mr. Braier commented that an analysis was made and has been presented numerous times.

Mr. Archambo responded that a 2007 financial year end report has been specifically discussed.

Ald. Purins felt that these larger items should be itemized. He noted that the five million dollar IRS limit implied some changes in management style, process or procedure to meet the guidelines. He inquired if the city was comfortable that these guidelines and could they be met. What is the penalty for not meeting their schedule?

Paul Thompson, the Financial Advisor from Hutchinson, Shockey, Erley and Co. discussed the penalty. He commented that if for some reason the guidelines were not met, the city would not lose money, but they will not gain any interest income. Mr. Braier said he would assume the responsibility of monitoring the guidelines to ensure the deadlines are met.

Mr. Wehrley reported that Meinecke St. is another outstanding project and would be included in the 2009 program. It has not been determined yet how much water and sewer would be. This plan was under the previous bonding cap. Without the bonding cap staff will ask the committee for guidance on how to proceed.

Ald. Becker felt it would be helpful for the homeowners to know what the estimated impact would be on their tax bills. Nothing was specifically referenced on the tax levy impact in the plan. The proposal as presented is to bond for \$6.2 million with special consideration to the Ruby Ave project at \$2.1 million. If the Ruby amount were deducted from the \$6.2 million, the bond would be for \$4.1 million which is comparable to the cap rate amount of \$3.5 million. Clarification was made by Mr. Wehrley that Ruby Ave. is actually \$1.6 million and the balance is for water.

Ald. Ewerdt asked what the process is in compiling the entire package. Mr. Archambo reported that this information is compiled from all the departments in the city. It then ends up in Comptrollers, Engineering, Public Works and the Citizens Capital Improvement Committee.

Ald. Ewerdt mentioned that when the bonding cap issue was originally being discussed, the city was looking at ways to get four miles of roadwork done annually. The consensus was that they thought this could be done for about five million dollars. In looking at the spreadsheets over the next five years, it appears we are going to more than double what the original bonding limit was. Ald. Ewerdt commented that he would like to see an analysis before voting on this issue.

Ald. Grimm reported that he has always been in favor of raising the bonding cap but not removing it. He asked Mr. Braier how borrowing \$6.2 million dollars would affect the city's AAA rating. Mr. Thompson responded that in and of itself the \$6.2 million is not likely to have a negative impact, as the city fund balance will be the same as it has been in previous years. The city in the past has borrowed larger amounts and it has not affected the AAA rating.

Ald. Maher stressed that the bond ratings Moody's Investor Services uses, needs to be included in this packet. He requested more detail.

Ald. Purins commented that this capital project is an output of a long process over one year old. For all practical purposes it includes one special project. If the committee wants to bring the amount down, pick a project to eliminate and vote on it. Someone has to decide what does or doesn't get done. Ald. Ewerdt asked in trying to understand the process if the projects are grouped into any kind of order.

Ald. Purins mentioned that there were a substantial number of members missing at the Citizens Capital Improvement Committee meeting when they voted on their recommendation. The recommendation came to this committee without knowing how the rest of the people would have voted. This happens with committees sometimes and that is just the way it is.

Ald. Stepaniak commented that the Capital Improvements Committee results and the staff recommendations are brought to this committee. The advisory committee talked about a need to add the Ruby Ave. project and how there was not funding for this in many previous years.

Moved by Ald. Purins, seconded by Ald. Ewerdt to recommend approval of the Five Year Capital Improvements Program in the amount of \$4.6 million with the exclusion of the Ruby Avenue project --

Ald. Purins added that he would like to make another motion with regard to Ruby Avenue.

Ald. Becker asked why Ruby Ave would be eliminated. Ald. Purins commented that the committee needs to move on with the city plan, if they wait another two weeks for more numbers there is more of a delay. This takes care of the IRS questions. He wanted to take Ruby Avenue as a separate vote.

Ald. Maher reported that he could not support this motion, that it did not make sense. He felt that the city has the best environment right now to do this project and they will not get rates like this again in the near future. This project has been delayed for a number of years and it needs to be done.

The motion was withdrawn by Ald. Purins with the consent of the seconder.

Moved by Ald. Purins, seconded by Ald. Becker to recommend approval of the Five Year Capital Improvements Program in the amount of \$6.2 million. Upon a roll call vote, Ayes: 5; Noes: 2 (Ewerdt, Grimm)

General obligation promissory notes in the amount of \$6.2 million

Mr. Braier reported that the packet contains a timetable and Mr. Thompson presented a debt service table. Mr. Thompson reported that the credit market has currently had some problems. The municipal auction rate bonds have also has problems. There is an over supply of auction bonds coming into the market which could force rates up. As of February 20, 2008 the interest rate was 3.3%.

Moved by Ald. Maher, seconded by Ald. Krol to recommend approval to authorize the issuance of General Obligation Promissory Notes in the amount of \$6.2 million. Upon a roll call vote, Ayes: 5, Noes: 2 (Ewerdt, Grimm)

Consultant Assistance for 2008 Projects

Mr. Wehrley suggested that in reviewing the staff work load, he would like to hire a consultant. Most likely they would use a multiple request for proposals. The cost of the work is already budgeted, they are not asking for any additional funds.

Ald. Ewerdt asked if a slower steadier pace was taken with this work, would a consultant be necessary. Mr. Wehrley reported that some of the work is outside the scope of engineers on staff. A lot of analysis is needed on Ruby Avenue which would severely take away from the engineer's time.

Ald. Grimm noted that there are no costs attached to the request, and the committee has no idea what is being asked for. Mr. Wehrley responded that the costs will not be known until the request for proposals are received.

Moved by Ald. Krol, seconded by Ald. Becker to recommend approval for consultant assistance in the engineering department for 2008 projects. Upon a roll call vote, Ayes: 6, Noes: 1 (Ewerdt)

Designating Kenney Bank and Trust as depository for ambulance invoices

Mr. Braier reported that the Kenney Bank and Trust is a new firm in Brookfield. The requirement to use this bank was integrated into the vendor billing system that the fire department is using.

Moved by Ald. Maher, seconded by Ald. Purins to recommend approval to designate Kenney Bank and Trust as depository for collection of ambulance invoices - 7

Vouchers

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
Paul Leist	\$533.21	Police – 1/29/08 – 2/1/08; LaCrosse WI Community Policing Conference
Donald Semega	\$259.21	Police – 1/29/08 – 2/01/08; LaCrosse WI Community Policing Conference
Steve Miner	\$123.15	Assessor – 1/24/08 – 2/13/08; Brookfield 2 days of Continuing Education
Curtis Hill	\$672.08	Engineering – 2/6/08 – 2/9/08; WI Dells WI Society of Land Surveyor’s Conference
John Roberts	\$1452.74	Fire – 1/19/08 – 1/23/08; Orlando, FL Apparatus Specification & Vehicle Maintenance Symposium
Dan Koralewski	\$2115.00	Health – Consortium Employee – Fall 2007 Online course - Public Health Preparedness
Alan Kesner	\$50.00	Milwaukee County Courthouse 1/28/08 – 2/01/08 Covenant trial parking costs
Ellen Krueger	\$1896.00	Health – Consortium – Spring 2008 Online course – Epidemiology Certificate
Brian Zalewski	\$75.19	Police – 1/14/08 – 1/25/08; Milwaukee Supervision of Police Personnel

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
John Milotzky	\$99.50	Police - 1/7/08 – 1/26/08 – Pewaukee DAAT Instructor Course
Joseph Roy	\$41.79	Police – 2/3/08 – 2/07/08 - Johnston, Iowa Writing Search Warrants

Moved by Ald. Maher, seconded by Ald. Becker
that the vouchers be allowed and paid - 7

The meeting adjourned at 10:00 p.m.

Carla A. Ledesma, City Clerk
City of Wauwautosa

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