



CITY OF WAUWATOSA
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BUDGET & FINANCE COMMITTEE MEETING

Tuesday, Sept. 8, 2009
Committee Room #2

PRESENT: Alds. Organ, Walsh, Wilke, Berdan, Krol, Jay, Donegan – 7

ABSENT: Ewerdt

ALSO PRESENT: J. Archambo, City Admin.; R. Braier, Finance Dir.; J. Wojcehowicz, Water Supt.; D. Redman, Fire Chief; J. Bembenek, Purchasing Manager; M. Loy, Health & Productivity Coor.; B. Aldana, Asst. City Atty./HR Director

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

Increase in purchased water rates

The committee reviewed a memo from the Water Superintendent regarding a simplified (cost of living) water rate increase in the amount of \$81,000 for 2010. Mr. Wojcehowicz reported that approval has been received from the Wisconsin Public Service Commission (PSC) to augment their water rates due to the Milwaukee Water Works increase.

Ald. Donegan asked about a 36% increase he has read about. Mr. Wojcehowicz said that the simplified increase is the first one and the conventional rate increase will follow. He said he will be bringing this information back to the committee around the first of the year. This will also be discussed at the Budget Committee.

The effective date is September 1, 2009. Residential customers will start to see it phased in on their bills beginning December 1. Ald. Organ asked if this is the same amount as the increase from the City of Milwaukee. Mr. Wojcehowicz reported that this is a pass thru from the City of Milwaukee to our customers.

Moved by Ald. Donegan, seconded by Ald. Krol to recommend approval the rate adjustment request approved by the Wisconsin Public Service Commission with the monthly bills issued November 1, 2009 and the quarterly bills issued December 1, 2009 - 7

Generator maintenance multi-year service contract

The committee reviewed a memo from the Purchasing Manager regarding renewal of the emergency generator maintenance contract for the City's Water Department.

Mr. Bembenek said this will be a vendor change in the amount of \$1,679.00 annually for the next three years. He noted that there will be a slight savings from what we are currently paying.

Moved by Ald. Krol, seconded by Ald. Organ to recommend

approval to enter into a three year contract, renewable annually with Cummins N-Power in the amount of \$1,679.00 annually - 7

Competitive bidding process for the purchase of vehicle lifting equipment

The committee reviewed a memo from the Fire Chief regarding the purchase of vehicle lifts.

Chief Redman reported that when the master mechanic started writing specifications for this item, he found this item available at a discounted price. Chief Redman reported that both vendors listed have regular bid pricing on the state contract. He is asking the committee for permission to waive the competitive bidding process and to take advantage of trade show demonstration equipment pricing. This comes before the committee as it is an item over \$25,000 and it is not state contract pricing.

Chief Redman is recommending the purchase of the lower priced lift from Mohawk in the amount of \$54,956.21. It was reported that this item is for the new fire station and once delivery is received the item will be stored until the new station is completed.

Ald. Organ inquired why the product numbers were different for the same piece of equipment from the vendors. Chief Redman said he would check into this and get the information to the committee in their weekly packet before next week's council meeting.

Chief Redman reported that there is a line item in the fire station budget for this purchase in the amount of \$87,000.

Moved by Ald. Krol, seconded by Ald. Jay to recommend approval that the competitive bidding process be waived and a purchase order be approved for the purchase of special vehicle lifting equipment from Mohawk in the amount of \$54,956.21 and that the verification of the model number differences be received prior to the council meeting - 7

Ald. Walsh asked the Chief what kind of lift is currently being used. The Chief said this new lift is more efficient and an effective way to get under the trucks.

Vote on the motion - 7

Authorization to contract for stop loss insurance

The committee reviewed a memo from Asst. City Atty./HR Director and the Health Productivity Coordinator regarding whether to renew the City's health claims stop loss insurance at an amount not to exceed the proposal by United Healthcare at the aggregate annual premium of \$792,681.

Ms. Aldana explained to the committee that the city self insures both plans and has a liability cap of \$75,000 per individual which is then covered by stop loss insurance.

United Healthcare (UHC), the City's third party administrator for both health plans provided stop loss coverage last year (10/1/08 – 9/30/09). The City's health insurance consultant felt that the proposal from UHC

is a competitive price and recommended accepting it.

The City decided to have our health care consultant request proposals from the stop loss market to ensure the City would receive the most competitive bid for the renewal of the stop loss insurance. No responses were received to this RFP.

Ms. Aldana reported they have asked a different consultant to market this to other carriers with the potential to receive some better pricing. However the renewal date is fast approaching. Ms. Aldana requested permission to enter into a contract for \$792, 681 and if a better price is received they will go with that vendor.

Ald. Organ asked for an explanation on the 14% increase. Ms. Aldana said that with stop loss insurance there generally is always an increase; there never seems to be a good enough claim year.

Ms. Aldana advised the committee that the stop loss limit has been kept at \$75,000 since 1993, but it doesn't have to be at this rate; it could be higher. She noted that it is a risk tolerance choice. If you risk the retained fee the premium will go down. Moving the risk a little probably would not make a significant change to the premium. She said the \$75,000 amount provides the most budget stability but you pay a higher premium for that.

Ms. Aldana discussed with the committee the number of claims that have exceeded the stop loss limit over a number of years. She could see that there really is no pattern established. Ms. Aldana said if the committee is interested in addressing the stop loss limit she would have an actuary look at our claim history to see if it would be worth it. Ald. Organ felt that the deductible should go up as the years go by. She said she would like to hear from the Comptroller how the difference would be handled.

Ms. Aldana explained that if the direction was to change the self retain limit it could be done after the contract with UHC renews on October 1, 2009. The limit could be revised and the premium would be adjusted.

Ald. Donegan asked how many vendors the first RFP was distributed to. Ms. Aldana said six or seven and they all declined. Wells Fargo is the agency that will be sending out a new request. Ald. Donegan asked Ms. Aldana if she were confident that this RFP is getting broad access to the market. Ald. Donegan preferred that this RFP gets taken to the greater broker community and not to be fussy about how they are paid. He felt Ms. Aldana should approach this differently.

Ald. Donegan also requested to see an analysis of the stop loss limits with different options.

Ald. Krol said he is in favor of raising the stop loss limit but didn't feel there were enough facts to make the decision tonight.

Ms. Aldana noted that with her presentation she was looking for authorization for an amount not to exceed \$792,681. She said the stop loss limit can be revisited. She noted that she is hopeful to receive more bids with the second RFP.

Moved by Ald. Krol, seconded by Ald. Organ to recommend approval for authorization to negotiate a policy for reinsurance in the best interest of the city at an amount not to exceed \$792,681 and to provide further information regarding different retainer levels. Further RFP marketing for stop loss insurance pricing with the broker community was requested for the September 29th meeting - 7

Vouchers

Name	Dept.	Reason and location	Date	Amount
Ralph Torez	Police	Statement Analysis and Forensic Interviewing - Johnston, IA	08/16 - 08/21/09	142.65
Joseph Roy	Police	WI Narcotics Officers Association Conference - Green Bay	08/19 - 08/21/09	406.75
Robin Schumacher	Police	WI Narcotics Officers Association Conference - Green Bay	08/19 - 08/21/09	403.85
Michael Kreiter	Operations	Clean Rivers Clean Lake Conference	8/31/09	35.00

Moved by Ald. Donegan, seconded by Ald. Organ
that the vouchers be allowed and paid – Ayes: 7

The meeting adjourned at 9:02 p.m.

Carla A. Ledesma, City Clerk
City of Wauwatosa

mks