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BUDGET COMMITTEE MEETING

Thursday, October 6, 2011
Committee Room #1

PRESENT: Aids. Walsh, Berdan, Causier, Donegan, Hanson (6:02 p.m.), McBride (6:02 p.m.), Wilson, Ewerdt (6:02 p.m.) - 8

ALSO PRESENT: J. Archambo, City Admin.; J. Ruggini, Finance Director; J. Wojcehowicz, Water Supt.; J. Tschudy, Acct./Business Mgr.; B. Porter, Public Works Director; B. Wehrley, City Engineer; Chief Ugaste, Fire Dept.; J. Case, Asst. Fire Chief; S. Erke, Asst. Fire Chief

Ald. Walsh as Chair called the meeting to order at 6:00 p.m.

Water Utility Budget

Mr. Wojcehowicz reported that this budget includes fully funding of all personnel. Due to budget constraints personnel were cut last year.

The Water Superintendent noted that aggressive competitive bidding for water main construction continued during 2011 as the utility replaced water mains.

The Utility has \$10,150,000 in Waterworks System Revenue Bonds outstanding as of December 31, 2011. The interest expense decreases 3.3% in 2012.

The Wisconsin Public Service Commission (PSC) approved the purchased water adjustment related to the Milwaukee Water Works rate case on March 24th, 2011. For 2012, the utility anticipates an 8.7% reduction in purchased water expenses primarily due to the utility's intervention in the rate case and the rate adjustment for our customers. The forecast for water consumption continues the downward trend in residential and industrial consumption over the last few years. Mr. Wojcehowicz said we'll have to wait and see how the Harley Davidson plant closure affects this trend.

The goal of the pumping expense budget item is to develop water pumping schemes, maintain surplus capacities and select the most cost efficient ways to distribute water throughout the entire city twenty-four hours a day, seven days a week to meet the demands of our customers. The budget is also to maintain attractive and structurally sound water facilities and grounds.

Ald. McBride questioned whether the utility is able to keep up with their maintenance needs. Mr. Wojcehowicz explained as part of the budget that the Glenview water tower was scheduled for painting in 2012 which costs approximately \$700,000. Mr. Wojcehowicz felt it could last another year or two before it would have to be done. He continued to say that structurally it is OK, although it does represent the City as a billboard.

The Transmission and Distribution expense budget line is for preventative maintenance prior to paving, repair broken water mains, gate valve maintenance, repair service laterals, and curb stops. Also included are markings for Diggers hotline, meter services, meter testing and repair, distribution system records, water storage facilities maintenance, conduct hydrant inspections, repair or replace defective fire hydrants, hydrant painting, seasonal hydrant flushing, leak survey and other construction related activities. Mr. Wojcehowicz said the biggest part of this is for fire hydrant maintenance.

The utility's use of the Read-o-Matic registers improved the meter reading efficiency but as these units age, labor expenses increase and utility revenue declines may be attributed to inaccurate readings. Badger Meter has discontinued production of our existing meters thereby forcing water utilities to examine automated meter reading option.

As of September 1st, the water charge is 40% of the average residential water bill. Sewer fees are 54% of the bill with the remaining 6% being the public fire protection charge.

Mr. Wojcehowicz told the committee that he would like to go to the PSC for a rate structure in 2012. He noted that this is a good thing to do every few years. The committee suggested this be brought back to the Budget and Finance Committee mid-year.

Moved by Ald. Donegan, seconded by Ald. Hanson to
recommend approval of the Water Utility Budget as presented – Ayes: 8

Capital Improvements

Mr. Archambo and Mr. Ruggini presented the 2012 to 2016 Capital Improvements Program. Mr. Archambo advised that he didn't anticipate this program would be adopted tonight. It is for review and discussion. Action will need to be taken by November 15th, 2011.

Mr. Archambo reviewed the beginning pages explaining the layout changes are to give a better understanding of the project and realistic project dates. Mr. Archambo advised that when a project is approved and has several years listed for the project length, the committee is approving the entire project. The project request form format divides the funding sources and the components in the cost analysis.

Mr. Archambo explained to the committee that the City is trying to ramp the paving program back up starting with one mile of paving in 2012 and going up from there. Once a year bonding will determine the amount of paving to be done.

Kathy Ehley, Village Business Improvement District, said that the Operating Plan for the Village has been completed and approval was received by the BID. A list of priorities was made. Ms. Ehley thanked the City and the Engineering Department for working so collaboratively with them on their plan. Things such as street closures will be affected when the zoo interchange project happens and the City and BID have a workable plan. Ms. Ehley said she hopes that city makes and investment in the Village and North Avenue. She noted that these areas are growing and becoming quite a contributor to the City.

Ed Hayden, 2568 N. 71st Street, East Tosa Alliance, said that he worked with the Omaha group on the North Avenue Plan which was presented to the Common Council in March. He said that since then they have had business developers interested in what East Tosa has demographically. They are seeing some positive effects of the plan.

Mr. Hayden said the 69th Street project came out of discussions between the City Administrator, Mayor and East Tosa Alliance. He felt this will show developers that the City is there to help in the culture that North Avenue can provide.

Mr. Archambo noted that in large measure, the City is using a lot more outside consultants as there isn't the staff in house to do some of these large projects.

Ald. Donegan asked that Mr. Ruggini prepare a five-year debt service plan. Mr. Ruggini replied that it is being worked on.

The committee reviewed the line items for sewer costs. Discussion ensued as to why some projects thoroughly vetted in the past and approved have not been started or completed. Some projects are currently in the design phase and some are under construction.

Committee members felt that the City has created a false sense of perception. Citizens have attended meetings and voiced their opinions on projects that were approved and several years later a shovel hasn't even been put in the ground.

Mr. Ruggini said that the bond estimate for 2011 should be between 10 and 12 million dollars. Mr. Archambo noted that Meinecke Avenue is going to be a massive undertaking.

The committee convened at 7:42 p.m. and reconvened at 7:51 p.m.

Fire Chief Ugaste discussed the replacement of the fire engine. This was previously touched on during their Budget review a few weeks ago. Chief Ugaste said that the 1998 Quint is scheduled for replacement. This will be replaced by an engine in 2012. Replacement of the 1998 100-ft. ladder truck will be replaced by a 100-ft. Quint in 2014. Based on current replacement schedules this vehicle is two years past scheduled replacement. Fire apparatus are on a 14-year replacement cycle. Chief Ugaste also told the committee that an overwhelming majority of the fire department would like to go back to red trucks. From a pride and ownership point it would be a more traditional color scheme.

Asst. Chief Erke responded to a question regarding the bathroom replacement at fire station #3. He said for the past ten-years they have been putting on band-aids. This is the main bathroom that is not ADA compliant and the station has quite a bit of public traffic there. He said the showers are leaking into the basement area and need to be redone. The bathroom has reached a point that it needs to be replaced. They are trying to even out the costs, which is why it is put out until 2016.

Asst. Chief Erke said due to budget constraints they are pushing out the replacement of an ambulance for another year. He said they have put in for a grant for an ambulance next year.

Ald. McBride commented that as a whole some of the requests are appropriate for their cycle. Some items like the command vehicle would be four years behind in replacement. Ald. McBride said once again we are seeing the sorry results of a city that waited too long.

The Public Works Director advised that what is shown for project amounts are city costs. These are not investments such as Department of Transportation costs for projects like Hwy 100 which would be additional.

Discussion ensued around the street repaving metric. The sustainable number is four miles a year, the 2012 budget gets us one mile. The City Engineer was asked if he could get all of the work completed in 2012. He responded that 2012 is a year where the department has more work than staff ability. He felt there was more work than staff could do even with the use of consultants.

Mr. Wehrley, when asked why, said this was talked about in 2009 when three additional staff members were approved. The City hired a consultant to review the Engineering Department. The consultant's report said that \$11 million dollars of bondable work could be designed in-house. The consultant said the Engineering Department could manage a total of \$16.3 million dollars of project management.

The City Engineer said when consultants are used additional staff time has been necessary to review the contracted work as they are finding lots of errors. Mr. Wehrley said with about \$10 million in TIF construction for 2012, the workload is up to approximately \$32 million dollars total.

Mr. Wehrley answered a question that they did ask to fill the three engineering positions which council had previously approved and it was denied in Executive Review.

Discussion ensued and it was said that the problems are getting worse with all the delays. When asked about the consultant work, Mr. Wehrley said the quality of the project you get from the consultant is way less than what you would get in-house. The consultant is price-based. He said technicians are substituted for engineers and when the plans are received city staff spends a great deal of time making corrections which holds up the project even longer with plans going back and forth. Mr. Wehrley responded that the low bidder on RFP's is probably the reason for the quality of work being received from consultants. Mr. Wehrley suggested if a firm could be picked with quality staff similar to the staff the City has it would cost more but you would save in the long run.

Mr. Wehrley said with two additional engineers the utility work that could be handled in-house would go up proportionately. When asked, Mr. Wehrley thought two engineers could be hired for approximately \$300,000 with benefits included.

Mr. Archambo reported that one of the positions being eliminated in the budget is for an Engineering Technician. He said that this was related to the purchase of requested surveying equipment.

Ald. Donegan expressed confusion why the City Administrator has submitted a plan which the City Engineer feels is totally unrealistic.

Mr. Archambo said the expectation is to get more done in house than \$16.1 million. He said the way consultants are hired can be looked at. A firm could be put on retainer for projects when needed. Mr. Archambo felt this plan is doable.

Ald. Causier felt the City is in a vicious cycle. The City is not getting their money's worth out of consultants, and our staff is spending a lot more consulting work; it doesn't sound like a good recipe for our constituents. Mr. Wehrley reported that outside consultants would still be necessary for specialty design work, for example, bridge work.

Ald. McBride appreciated all the discussion. He said the City is talking about ramping up our capital improvements program and we're all shocked and horrified at the amount of money it will cost. We also need to figure out how to get this work done, either by hiring more engineers for in-house work or hiring more qualified consultants. Ald. McBride thought when projects were approved they were not doing so just based on price, but that all bidders were acceptable. Now hearing that is not necessarily so the approval process needs to be scrutinized. The City is not getting the guarantee they thought they were getting.

Ald. Ewerdt said there seems to be an appetite to send this back to Administration. How would additional engineers be added into the budget? He said his patience is worn thin in getting these projects done. We are saying spend the money to invest but if the workforce is not there, how can we get after this in the budget process?

Ald. Wilson felt that the City is setting themselves up for failure and echoed Ald. Ewerdt's comments. He said if we need to pay more for consultants, maybe we should just hire more people.

Ald. Donegan agreed with the sentiments expressed. He said there is a professional disagreement between the City Engineer and the City Administrator on how much work can be done in 2012.

Mr. Archambo reiterated that he thinks the budget is realistic. Ald. Donegan advised that the committee will be looking at this more thoroughly.

Ald. Causier suggested that there are two different philosophies one from the practitioner side and one from the managerial side.

The City Engineer reported that the in-house staff are experienced licensed profession engineers. If the department is to push through \$30 million dollars of projects without adding staff, our engineers would have to be switched from design engineers to consultant managers to oversee the consultant work. This would take time for them to make the adjustment from what they do on a daily basis. With the consultants the City are using there is another layer of disconnect being added to the projects and the City is spending double the money.

Ald. Walsh suggested the capital budget be brought back to committee. The consensus of the committee was they didn't like hearing about the errors with the consultants and the extra time necessary to correct the problems.

Mr. Wehrley concurred with the suggestion that the projects got off track because of the extensive sewer studies ongoing due to the two previous summers of flooding.

Some of the committee felt if the intent of the City is to ramp up with an increased and complex workload maybe they should look at adding staff. Ald. Donegan disagreed because additional staff was denied in Executive Review and the City Administrator felt this budget is doable.

TIF District 6

Mr. Ruggini discussed the projects included in TIF 2 and TIF 6. Some of the projects fall into an overlap area included in both of the TIFs. TIF 6 funds will be used based on the UWM grounds project plan including the construction of the Accelerator building. TIF 2 funds have been budgeted in prior years for the completion of paving and utility projects in the Research Park. Mr. Wehrley reported that underway in the county grounds is Phase I of the water main work. The ten million dollar project east of Hwy. 45 includes site grading, storm water, sanitary sewer, paving, sidewalks, street lighting and retaining wall in the next capital year, provided that the EDA gives approval. Mr. Wehrley responded to a question that with a timely turn-around with the government and if work gets started in January or February it was his opinion that 90 – 95% of the project could be completed. Ald. McBride commented that the hold-up is at the county level.

Automated purchase of collection trucks and carts

Mr. Porter told the committee that there is a long lead time on equipment delivery. The department would like to implement the new program mid-April 2012. The new trucks need to be ordered relatively soon. He expected to order carts after the first of the year.

Mr. Porter said that Public Works will be doing an extensive public relations campaign for residents regarding automated pick-up. It is the intent that alley pick-ups will only be done for medical necessity. Currently there are about 80 customers who ask for alley or back door pick-up. Carts will have to be out to the curb by 9:00 a.m. All garbage must be inside the cart. The operator will not get out of the truck to pick –up extra materials or their route won't be completed in a timely fashion.

Meeting adjourned 8:53 p.m.

Carla A. Ledesma, City Clerk
City of Wauwatosa

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