



**CITY OF WAUWATOSA**  
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## **BUDGET & FINANCE COMMITTEE MEETING**

Tuesday, November 8, 2011

Committee Room #2

**PRESENT:** Alds. Walsh, Ewerdt, Wilson, Causier, Donegan, McBride – 6

**EXCUSED:** Alds. Berdan, Donegan

**ALSO PRESENT:** J. Archambo, City Administrator; A. Kesner, City Atty.; J. Ruggini, Finance Dir.; B. Porter, Public Works Dir.; P. Enders, Economic Dev. Director; K. Hurst, Fleet Manager; E. Hilt, Management Analyst

Ald. Walsh as chair called the meeting to order at 8:12 p.m.

### **Approval of 2012 insurance rates**

The committee reviewed a memo from the Human Resources Director regarding whether to approve the proposed 2012 health and dental plan rates.

The rates include the Choice Plus HRA (Health Reimbursement Account) for active employees and retirees under 65. The Choice Plus plan without HRA is being offered for retirees over 65 who purchase the City's supplement plan to Medicare. Ms. Aldana explained that included in the rate table are the plans still offered in 2011 for comparable purposes only. Ms. Aldana said that the rates have decreased for 2012 due to the fact of the higher deductible.

The Human Resources Director made a clarification to the dental rates for Humana. Single coverage for 2012 is \$30.89 and the family rate is \$98.61. The administrative charge wasn't included in the rate listed.

Moved by Ald. Ewerdt, seconded by Ald. McBride  
to recommend approval of the proposed 2012 health  
and dental rates – Ayes: 6

### **Re-presentation of the 2012 Economic Development budget**

Ms. Enders provided an update on the Economic Development budget contractual services. Some of the expected needs are consultant services related to the creation of additional marketing pieces, consultant service fees related to the development of site specific proposals, photographic services to build a photo library for various publications, website development, newsletters, etc., An item in the budget request is Xceligent which is a commercial property database that provides sales and lease listings, sales and lease comparables, and has the ability to add properties, and access to a variety of commercial data unique to Wauwatosa.

### **2012 – 2016 Capital Improvements Program**

The committee reviewed the CIP book with updated project numbers. Mr. Porter advised that there have been only minor tweaks made to the program since the last discussion.

Mr. Porter explained the new look of the report in that it makes the document more of a management tracking tool. Reporting of the city's infrastructure should be easier to read and understand. Each project will have its own unique tracking number. Included is a multi-year fiscal picture of the projected project costs. As the project cycles through the five-year program, the entire fiscal history of the project will be shown.

Mr. Archambo explained that the multiyear format also applies to the funding sources, elements of investment, and project type. The project funding by year is listed which will make reporting of individual funds easier.

Moved by Ald. McBride, seconded by Ald. Ewerdt  
to recommend approval of the 2012-2016  
Capital Improvements Program – Ayes: 6

### **Storm and sanitary sewer rate analysis**

The committee reviewed a memo from the Finance Director regarding the impact of 2012-2016 Capital improvement Plan on sanitary and storm utility rates.

Mr. Ruggini explained that given the increased level of infrastructure spending begun in 2011 and included in the 2012-2016 Capital Improvement Plan, utility rates will be impacted.

The 2012-2016 Capital Improvement Program proposed \$26.0 million and \$13.3 million of sanitary and stormwater utility investments over a five-year period. Given the required investment to maintain existing infrastructure as well as the scale of some of the proposed initiatives, this level of investment will need to be sustained beyond this 5-year period. Mr. Ruggini presented an analysis which, due to the scope of the projects, showed the long term impact on utility rates. He noted that the two biggest variables are how much debt to be incurred and what the bonding rate would be. Mr. Ruggini estimated that at current bond interest rates and our current Aaa rating the City would pay about 125% of project amount with interest costs.

Mr. Ruggini noted that many assumptions were made to determine the impact level. A ten-year period was chosen to match the amortization period of the City's debt. Based on the assumptions, it was felt that the debt loads should peak and stabilize after 2022.

The Sanitary Fund annual debt service is forecasted to increase from \$1.1 million in 2011 to \$5.8 million in 2022. A typical residential bill could be expected to increase about 6.85% annually. By 2022 this could equal a 96% increase. The average rate payer annual bill would be approximately \$309.52. This includes the annual 3% increase in pass-through charges from the Milwaukee Metropolitan Sewerage District.

The Stormwater Fund annual debt is easier to figure as there are no MMSD's pass-through rates. This annual fund is forecasted to increase from \$1.3 million in 2011 to \$3.5 million in 2022. The stormwater rates are projected to increase 9.2%. Over the 10-year period, rates are projected to increase 140%.

### **Award of bid for the purchase of five automated refuse trucks**

The committee reviewed a memo from the Director of Public Works regarding the award of bid for automated refuse trucks.

Mr. Porter reported that the department worked diligently to get specs prepared and sent out. Bids were opened on November 2. Ms. Hilt said that in May of 2011 a PRIME team (Process Review, Information, and Management Evaluation) was initiated to analyze the feasibility of changing to fully automated curbside refuse collection. She said during this time, the PRIME team has met with equipment operators, various

municipalities to gather information. She noted that 21 municipalities were surveyed which spread out private costs versus automated collection. With the analysis it was anticipated that the City could save \$1.5 million dollars over the next 10 years. There is an expected savings of \$244,436 in the first year.

Mr. Hurst explained how the bid spec was put together. He said that the Director of Public Works put the PRIME team together. The team has been able to get the employees to buy in to this automated program. The operators have also bought into the program. Mr. Hurst said that they visited the City of Cudahy and City of Madison to get insight into the automated machines. He noted that the arm is a very important piece to the machinery.

The PRIME team recommended the Labrie model truck from Stepp Equipment, Inc. It was noted that this vendor has the lowest cost of the arm assembly which is very important. The expected delivery time is about six and one-half months from order date.

Members of the committee expressed their appreciation for all the time and effort in pulling together people in all fields to research this.

Mr. Hurst answered a question that as part of the bid specification, the City will receive on the road and technician training for the trucks.

Moved by Ald. McBride, seconded by Ald. Hanson  
to recommend approval of the bid award for five automated refuse  
trucks to Stepp Equipments, Inc. for an amount of \$239, 981.00  
plus the optional arm assembly in the amount of \$18,201.00 – Ayes: 6

### **Debt overview**

The committee reviewed a memo from the Finance Director regarding an overview of outstanding debt.

Mr. Ruggini explained that the City issues two types of debt, General Obligation (GO) debt and Revenue Bonds. General obligation bonds are backed by the full faith and credit of the City and its property tax base, however, it is important to distinguish between levy-funded GO debt and non-levy funded debt.

Mr. Ruggini reviewed the chart with committee members explaining the type of bond, principal and interest to be paid. He explained the impact of tax-levy funded debt on the general fund. Mr. Ruggini pointed out a GO Debt Service table by year to easily see the City's debt curve and also includes offsetting revenues from non-general fund sources such as the sanitary and storm utilities. By reviewing the Net Total Debt Service, one can evaluate the impact of future debt payments on the operating budget and the importance of debt schedules that pay down principal quickly.

### **Debt management policy**

The committee reviewed a memo from the Finance Director regarding a debt management policy. This is an important tool used to establish parameters and provide guidance governing the issuance and management of debt obligations. The Government Finance Officers Association indicates as a recommended practice that local governments maintain a Debt Management Policy.

Mr. Ruggini noted that this is a follow-up to the previous discussion held in October. He noted that definitions were added to make the policy more user-friendly.

Mr. Ruggini noted that this policy be adopted as a policy by the Common Council or adopted by resolution, he suggested adoption by resolution.

Ald. McBride noted that when last considered the committee felt it important for the policy to be adopted by resolution. It was felt it would send positive signals to the rating community that the City of Wauwatosa is serious about its debt management.

Moved by Ald. McBride, seconded by Ald. Hanson  
to recommend adoption of a city debt management policy – Ayes: 6

**Vouchers**

<b>Name</b>	<b>Dept.</b>	<b>Reason and location</b>	<b>Date</b>	<b>Amount</b>
Beth Aldana	Human Resources	IPMA-Human Resources conference - Chicago	09/24-09/25/11	1,040.79
Elizabeth Bohren	Human Resources	SHRM conference - Madison	10/12 - 10/14/11	101.64
William Boritzke	Police	2011 Fall Police In-Service training -WCTC	10/24 - 10/26/11	101.86
Michelle Dahlen	Police	Badger TraCS 2011 Users Conference - WI Dells	10/17 - 10/18/11	91.00
Joe Karius	Police	2011 Fall Police In-Service training -WCTC	10/17-10/19/11	106.44
Paul Leist	Police	2011 Fall Police In-Service training -WCTC	10/17 - 10/19/11	107.68
Christopher McAtee	Police	Concealed Weapon Detection - Plover	10/12-10/13/11	103.74
Karen Roy	Police	Management of Evidence & Recovered Property - Appleton	10/24-10/26/11	493.98
Steven Sment	Police	2011 Fall Police In-Service training -WCTC	10/17-10/19/11	106.04

Moved by Ald. Hanson, seconded by Ald. Wilson  
that the vouchers be allowed and paid. Ayes: 6

Mr. Archambo noted that with the inclusion of tonight’s meeting everything about the budget process except for the general liability has been covered. Mr. Archambo said that CVMIC will come in and provide information regarding the general liability.

The scorecard items will be brought back to the necessary committees for further discussion.

The meeting adjourned at 9:05 p.m.

Carla A. Ledesma, City Clerk  
City of Wauwatosa

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