



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

Tuesday, February 14, 2012

Committee Room #2

**PRESENT:** Alds. Walsh, Causier, Donegan, Berdan, McBride – 5

**EXCUSED:** Alds. Wilson, Hanson, Ewerdt

**ALSO PRESENT:** J. Archambo, City Administrator; J. Ruggini, Finance Dir.;  
B. Porter, Public Works Dir.; J. Wojcehowicz, Water Supt;  
J. Tschudy, Business Mgr.; M. Hahn, Water Supv.

Ald. Walsh as Chair called the meeting to order at 8:00 p.m.

### **Capital projects year end update**

The committee reviewed a memo from the Finance Director regarding a request from the Budget & Finance Committee to present preliminary results from the 2011 Capital Budget which relates to the carryover requests and the 2012 Adopted Capital Budget.

The Amended Capital Budget is the most accurate depiction of expected capital spending on a budgetary basis. The Amended Capital Budget represents the 2012 Adopted Capital Budget plus 2011 Carryovers +/- Fund Transfers.

Mr. Ruggini explained the Amended Capital Budget; when comparing the totals to the project cost estimates, the amounts should be close. He emphasized that the contract workload document is a management tool and includes several projects budgeted for in the operating budget. This does not include capital projects managed by departments other than engineering. The total will never tie exactly to the amended budget total but discrepancies would be explainable. Mr. Ruggini felt that progress has been made in the past few months when the new project tracking and reporting process was initiated.

Mr. Ruggini noted that \$12.5 million was requested for carryover but not all of it was. If the project would not be completed by year-end the funds were re-established in the 2012 budget. Some of the projects were already budgeted for in the capital budget so it was not necessary to carry these over.

Mr. Ruggini advised that the carryover for the Meinecke project was postponed until final estimates are available for the final design, which is underway.

Mr. Ruggini said that the amended budget will reflect the amount of capital work expected to be completed in 2012 at \$32 million.

Mr. Ruggini replied to a question that in the past, entire project costs were budgeted when conceived which is why the report shows funds were budgeted but not always used.

**Beta test site offer from Badger Meter for advanced metering analytics two-way fixed based meter reading network**

The committee reviewed a memo from the Water Superintendent regarding the Beta Test Site offer from Badger Meter for their first Advanced Metering Analytics two-way fixed base meter reading network.

The Wauwatosa Water Utility is entertaining an offer from Badger Meter Incorporated from Brown Deer, Wisconsin to become a reference community for their new Advanced Metering Infrastructure (AMI) two-way technology system that features a fixed base meter reading network solution to meet the future needs of water utilities.

Mr. Wojcehowicz presented return-on-investment figures as requested at the prior meeting. The two-way fixed meter network will be an industry standard. Mr. Wojcehowicz reviewed the program costs with the committee. After full conversion to an AMI program, the utility estimates the total annual saving of \$296,357 based on 2012 Water Department Budget. Personnel could be reduced by 2.5 FTE's. Cash flow improves because of accurate meter reading and the reduction in non-revenue water. The utility has written off losses of \$28,169; \$37,891; and \$32,281 or an annual average of \$32,780 over the past three-years.

The projected cost of the AMI program over a twenty year period would be \$4,720,568. If the Utility would not implement the AMI program and continue to exchange meters in the same way it is currently being done the total cost over a twenty year period would be \$5,874,662. The savings, over a twenty-year period, by implementing the AMI program would be \$1,154,094. The net present value of the savings would be \$990,663 and the utility anticipates a 14-year payback period.

Mr. Ruggini responded to a question that he felt the analysis is very realistic with the return-on-investment of \$1,154,094 which is a 30% rate on return over 30-years. He said weighing in the customer service and operational benefits that it may be advantageous to go ahead with the beta test site. This will save money and prevent problems with obsolete equipment replacement.

Moved by Ald. Donegan, seconded by Ald. McBride to recommend approval to accept Badger Meter's proposal to establish a beta test site of their first Advanced Metering Analytics solution and approve changes to the 2012 Water Department Budget by transferring \$150,000 from the utility's surplus funds to purchase the materials required – Ayes: 5

**Use of surplus funds in lieu of TIF borrowing**

The committee reviewed a memo from the Finance Director regarding internal borrowing for Tax Incremental Financing District (TIF) 6 project costs. The original Innovation Park TIF 6 project plan anticipated \$12 million of public infrastructure necessary to support planned developments. The City must decide how to finance these costs as construction will begin this year.

Short-term surplus funds became available when the School District decided to directly pay the charge-back associated with the Covenant property tax settlement. The City has the opportunity to use the surplus funds to provide interim financing for the initial improvements in TIF 6.

After the School District decided to pay the City outright for the charge-backs a creative solution was found to hold taxpayers held harmless and would give the City some flexibility in its TIF 6 account.

Mr. Ruggini noted that the original study assumed that the entire UWM project would be financed using borrowed funds. Recent developments will make it possible to fund this project using cash on-hand, which would reduce the borrowed amount. Finalized plans for the Zoo interchange project includes road improvements originally contemplated to be paid for using available TIF 2, Research Park funds. Since these funds are no longer necessary for this purpose they can be used for related project costs at Innovation Park that serve the overlap area between TIF 2 and TIF 6. The School District approving a plan to pay the chargeback costs directly to the City is the other development.

It was noted that there is a potential risk to this if the development project doesn't happen, although Mr. Ruggini suggested the overlapping of the two TIF's working together mitigate the risk.

Moved by Ald. Donegan, seconded by Ald. McBride to recommend approval that the surplus funds created from the Covenant borrowing serve in conjunction with funds borrowed from TIF 2, as an internal bond anticipation note to TIF 6. Previously, the Council had taken action to transfer the surplus funds from the Health/Life Fund to the General Fund. Based on consultation with the City's Auditors, in order to provide interim financing, the \$2,000,000 from the Health/Life Fund as well as the surplus \$53,515 in the General Fund must be transferred to the Debt Service Fund. From there they can be loaned to TIF 6 so that they are available in 2015 to repay the bonds – Ayes: 5

#### **Transfer of surplus funds from Health/Life Fund to the General Fund**

The committee reviewed a memo from the Finance Director regarding a balance sheet transfer from Health/Life to General Fund.

Based on preliminary results, the General Fund Balance will be 14.3% of 2012 budgeted expenditures while the Health/Life Fund will be 50% of 2011 actual claims. Based on these results a fund transfer should be considered.

Mr. Ruggini advised that this is a follow up on the balance of the health/life fund which is overfunded. The Government Finance Officers Association recommendation is for the General Fund balance to have two months of operating expenditures on hand.

Mr. Ruggini recommended that up to \$1,400,000 be transferred from the Health/Life fund to the General Fund so that the unrestricted undesignated General Fund Balance be 16.7% of the 2012 budgeted expenditures.

Moved by Ald. Donegan, seconded by Ald. Berdan to recommend that up to \$1,400,000 of fund balance be transferred from the Health Life Fund to the General Fund so that the unrestricted undesignated General Fund balance be 16.7% of 2012 budgeted expenditures – Ayes: 5

**Wellness vendor contract renewal – US Health Center**

The committee reviewed a memo from the Human Resources Director and the Health and Productivity Coordinator regarding whether the City should renew its contract with US HealthCenter, wellness vendor.

Ms. Aldana said that the City has had a relationship with US HealthCenter since 2009. In 2011, approximately \$54,800 was spent on services provided by US HealthCenter. The services include an online portal for all employees covered on the health insurance plan, biometric screenings, as well as follow-up coaching on health risks. Aggregate statistics are able to be tracked due to these services.

Ms. Aldana said that with the possible addition of other services and programming, this year’s contractual costs are estimated to be about \$60,000, relatively close to last year’s. The increase is due to some new online technology which will make reporting and tracking easier for staff to evaluate.

Ms. Aldana answered a question that our data shows the screenings done are avoiding health care costs. Based on peer group costs, Ms. Aldana assured the committee the City can prove we are doing better. Due to HIPAA it is not known what the screenings find unless the information is volunteered from the employee.

The Wellness Program is at or above 90% participation which is up from last year because of the differential in participation with insurance costs.

Moved by Ald. McBride, seconded by Ald. Berdan  
to recommend approval allowing the renewal of the  
contract with US HealthCenter as the wellness vendor – Ayes: 5

**Process to purchase a new fire engine**

The committee reviewed a memo from the Fire Chief regarding the process to purchase a new fire engine which is included in the 2012 Capital Budget.

Assistant Chief Erke explained to the committee that he did some research for the upcoming purchase of their new fire engine. In talking with vendors he was able to find a municipality in O’Fallon, Missouri that had bid out for a fire truck with specifications that were 99% of a match to the city’s needs. The O’Fallon specifications went out to bid and received bids from three vendors.

Assistant Chief Erke said that by taking advantage of the no bid savings by utilizing the O’Fallon Fire Protection District bid process would save the City approximately \$74,840. He said the vendor is Pierce Manufacturing and Wauwatosa Fire Department has purchased two engines from Pierce in the past six years and they have an excellent review and service history.

Mr. Archambo said in the future this process may become more common to gain the economies of scale benefit by purchasing with other entities saving time and money.

Moved by Ald. McBride, seconded by Ald. Causier  
to recommend approval to use the bids received by  
O’Fallon Fire Protection District thereby allowing the  
City of Wauwatosa to take advantage of the no bid savings  
and to purchase the 2012 Capital approved fire engine from  
Pierce Manufacturing for \$599,590 – Ayes: 5

**Property acquisition in the City of Wauwatosa for future parking needs as designated in North Avenue Development Plan**

Moved by Ald. McBride, seconded by Ald. Causier to convene into closed session per Wis. Stat. 19.85(1) (e): Deliberating or negotiating the purchase of public properties, the investing of public funds, or conducting other specified public business, whenever competitive bargaining reasons require a closed session, and may reconvene into open session – Ayes: 5

The committee went into closed session at 9:42 p.m.

Moved by Ald. McBride, seconded by Ald. Causier to reconvene into open session – Ayes: 5

The committee reconvened at 10:02 p.m.

**Claim of St. Pius X Parish, 2506 Wauwatosa Avenue** – this item was tabled.

**Vouchers**

| <b>Name</b>       | <b>Dept.</b>          | <b>Reason and location</b>                          | <b>Date</b>      | <b>Amount</b> |
|-------------------|-----------------------|---|------------------|---------------|
| Curtis Hill       | Engineering           | Surveyor's Conference - WI Dells                    | 01/25 - 01/27/12 | 846.68        |
| Brad Isaacson     | Police                | Ballistic Shield Operators Course - Oak Creek       | 01/31 - 02/01/12 | 74.62         |
| Chief Barry Weber | Police                | WI Police Leadership Training Conference - WI Dells | 01/29 - 02/01/12 | 162.00        |
| David Etlicher    | Engineering           | Seiler Tech Session - WI Dells                      | 1/24/12          | 133.12        |
| Jennifer Ferguson | Community Development | New Partners for Smart Growth - EPA - San Diego, CA | 02/01 - 02/04/12 | 1384.80       |
| Jim Case          | Fire                  | WEMSA   | 1/26/12          | 39.00         |
| Joseph Roy        | Police                | Cold Weather Sniper Operations - WCTC-Pewaukee      | 1/25/12          | 135.00        |

Moved by Ald. Berdan, seconded by Ald. Causier that the vouchers be allowed and paid. Ayes: 4 Present: 1

The meeting adjourned at 10:03 p.m.

Carla A. Ledesma, City Clerk

City of Wauwatosa

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