



CITY OF WAUWATOSA
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BUDGET & FINANCE COMMITTEE MEETING

Tuesday, September 25, 2012

Committee Room #2

PRESENT: Alds. Wilson, Hanson, Dubinski, Donegan, Tilleson, Organ, Birschel, Ewerdt - 8

ALSO PRESENT: J. Archambo, City Administrator; A. Kesner, City Attorney, B. Aldana, Asst. City Atty./HR Director; J. Ruggini, Finance Dir.; P. Enders, Development Director

Ald. Wilson as Chair called the meeting to order at 8:01 p.m.

Symetra contract for stop loss insurance

The committee reviewed a memo from the Human Resources Director regarding stop loss insurance contract. This is an annual contractual issue. The City self-insures its health plans. The self-retained limit is \$75,000 per member.

Ms. Aldana advised that each year the City's health insurance consultant markets the City's plan to a number of stop loss carriers. The consultant sought proposals from nine approved carriers. Four carriers declined to bid because they could not be competitive. Two quotes received were not considered as they were more than 55% than the current rate which left three quotes to be analyzed.

Symetra is the incumbent carrier and their first quote proposed a 19% increase to total annual stop loss costs. After negotiations, the final proposal is a 13.1% increase. Ms. Aldana said the 13.1% increase is consistent with trends she has reviewed in Southeastern Wisconsin. She said that she anticipates annual increases due to medical inflation which causes the price to increase.

The committee discussed whether it is time for the City to look into increasing the self-retained limit of \$75,000. Ms. Aldana said the self-retained limit is always considered at renewal and didn't feel it was time quite yet to increase the amount.

Moved by Ald. Donegan, seconded by Ald. Ewerdt to recommend approval to enter into a one-year contract with Symetra for stop loss insurance – Ayes: 8

Amendment to Tax Incremental Finance District #3

The committee reviewed a memo from the Development Director regarding an amendment to Tax Incremental Finance District No. 3. The purpose of the amendment is to expand the project budget and update the financial feasibility study. The City of Wauwatosa has received a proposal for a new development that includes the redevelopment of the Annex project to be located at the former Bartolotta Restaurants property at 6005 W. Martin Drive. The developer, HSI Properties, LLC, is proposing redevelopment of the project site and subsequent development of approximately 40 housing units.

Mr. Ruggini said that the developer, HSI Properties, LLC submitted a request for TIF assistance in the amount of \$400,000 to finance extraordinary costs associated with the site redevelopment and construction of the proposed new project.

Mr. Ruggini introduced Ms. Huot, Vice-President/Consultant of Springsted, Inc., who was consulted to evaluate the TIF request. Ms. Huot explained the approach taken during their study. She noted that the first development, The Enclave, has been very favorable. They had HUD financing which made their financing easier for that phase. This project is regular bank financing and has a higher cover to debt ratio. In trying to make our TIFs competitive, the consultant recommended that the city provide \$385,000 in TIF for support of this project. Ms. Huot advised that the type of financing being secured for this project is pay as you go which is very favorable. The City doesn't make any reimbursement to the developer until they show proof of payment.

Mr. Archambo felt this is a thorough analysis and was comfortable that this is do-able. He said the City wants to make investments in our community.

Mr. Ruggini said the pay as you go financing is a minimal risk. The City has very little risk as the contract language says if the TIF closes and it has not been paid for by the developer, the City is not responsible for the remaineR. He said the developer fee and costs are very realistic. He felt this is a good project to support and it justifies the use of development funds.

Mr. Kaminski, representing HSI Properties, LLC, told the committee that the TIF is a critical aspect of their project and they cannot move forward without it. The developer was pleased to hear that the analysis backs their view of the project and hoped to receive support from the City.

The City Attorney answered a few questions. He said that this loan would not extend the life of the TIF, although the City will probably not be in a position to close the TIF earlier than the close date of 2022. In the past the City has not consulted an analyst.

Mr. Ruggini replied to some questions. He advised the committee go into closed session if they were to discuss the rate of return. He noted that lending restrictions are much more difficult today and much more up-front financing is becoming more necessary.

Ald. Wilson reported that the Community Development Authority approved this item unanimously. He said the first phase of this development has been very successful, and felt this would be an extension of the past success. Ald. Wilson also commented on the consultant's analysis whereby recommending an amount of \$380,000 instead of the \$400,000 requested.

Moved by Ald. Wilson, seconded by Ald. Ewerdt
to recommend approval of the request by HSI Properties, LLC
for an amendment to Tax Incremental Finance District #4
for financing in the amount of \$380,000 for extraordinary
project costs associated with the redevelopment project – Ayes: 8

Vouchers

Name	Dept.	Reason and location	Date	Amount
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Julie Gibbs	Police	2012 Fall Police Motorcycle In-Service - Franklin	9/13/2012	9.00
Det. Paula Roberson	Police	Protecting our Children training - Milwaukee	9/19/2012	8.16
Jennifer Bagley	Health	2012 WI Alcohol Policy Seminar - Stevens Point, WI	9/13/2012	160.33
Cory Wex	Police	2012 Fall Police Motorcycle In-Service - Franklin	9/13/2012	9.00
Courtney Christiansen	Health	Engaging Youth - Community Transformation Conference - Stevens Point	08/20-08/21/12	204.91
Lt. Gerald Witkowski	Police	WI Field Training Officers Association - WI Dells	09/05-09/07/12	24.00

Moved by Ald. Hanson, seconded by Ald. Tilleson to approve the foregoing - Ayes: 7; Present: 1 (Donegan)

The meeting adjourned at 9:02 p.m.

Carla A. Ledesma, City Clerk
City of Wauwatosa

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