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## **BUDGET & FINANCE COMMITTEE MEETING**

Tuesday, January 8, 2013  
Committee Room #2

PRESENT: Alds. Wilson, Organ, Donegan, Tilleson, Dubinski, Birschel, Hanson – 7

EXCUSED: Ald. Ewerdt

ALSO PRESENT: J. Archambo, City Admin.; A. Kesner, City Attorney; B. Porter, Public Works Dir.;  
J. Ruggini, Finance Dir.; T. Otzelberger, Information Technology Manager

Ald. Wilson as Chair called the meeting to order at 8:10 p.m.

### **New server/data backup solution for the City**

The committee reviewed a memo from the Information Systems Manager regarding a new server/data backup solution for the City. The backup solution that was put in place over seven years ago no longer accommodates our needs. The City needs a solution that will comply with industry ‘best practices’ to properly protect the City from potential financial and legal ramifications that could arise as a result of a significant data loss. It is of utmost importance to implement a new data and server backup solution to protect all critical electronic resources for the City, inclusive of the police and fire departments.

Mr. Otzelberger said that over the past few years, the City’s data storage needs have increased dramatically. The video cameras with video stream consume massive amounts of storage. The Assessor’s office has added images of all properties. The Engineering Department needs to store large CAD drawings. Due to this a new server is necessary.

Mr. Otzelberger commented that our current server is tape based and no longer feasible. Staff had consulted with other municipalities in a collaborative effort to make the best use of city funds. A vast number of agencies are now using a disk-based backup solution from a company named Unitrends. Mr. Otzelberger was advised to check directly with the manufacturer to get better pricing. The offer they gave the City is 42% below the state contract rate which is a savings of \$100,000.

Moved by Ald. Donegan, seconded by Ald. Wilson  
to recommend approval of foregoing the bid process and  
enter into a contract with Unitrends, Inc. in an amount  
of \$159,560 – Ayes: 7

### **Report on lateral lining program pilot project**

The committee reviewed a memo from the Public Works Director regarding the lateral lining program pilot project. In 2012 the Public Works Department undertook a pilot program to ascertain the effectiveness of various techniques of sewer and sewer lateral rehabilitation in reducing the leakage of clear water into the sanitary sewer system.

In studies done both across the Country and in Wauwatosa, it has been shown that approximately 70% - 80% of clear water inflow and infiltration (I&I) stems from private property sources. Primarily these sources are gravity foundation drains connected to the sanitary sewer system and leaking private sewer laterals.

David Perry, Brown and Caldwell, explained the (I&I) pilot program findings. The program funding was used to rehabilitate private laterals and reduce I&I in targeted areas with the leakiest laterals. He showed a powerpoint presentation explaining the different techniques used in the study in the targeted areas of N. 65<sup>th</sup> Street and on Eagle Street.

The technique used in the N. 65<sup>th</sup> Street pilot program was an installation of a cleanout near the house and placing a lining in the lateral along with replacement of sanitary sewer main approximately four feet of lateral. A simulated rainfall event was created along with dyed water testing to monitor the laterals after repairing them. It is hoped that lining the lateral would prevent further tree roots from entering the system.

The technique used in the Eagle Street pilot program area was lining of sanitary sewer main and laterals on the public right-of-way. This was followed up with a simulated rainfall event along with dyed water testing to monitor the laterals after repairing them.

The results summary showed the average I&I flow into private laterals was reduced by 74% on N. 65<sup>th</sup> Street and by 75% on Eagle Street. Mr. Perry said that targeting the leakiest laterals only removed about half of the I&I, they didn't get the 90% figure they hoped for. North 65<sup>th</sup> Street showed approximately one gallon per minute (gpm) removed from targeted rehab, but comprehensive rehabilitation reduced another 1 gpm. The technique used on Eagle Street showed a large reduction in I&I.

The age of the laterals is the fundamental problem along with tree roots. Structural reinforcement and root control are other reasons for rehabilitation.

Mr. Perry noted that with the repairs done in the pilot program, the City of Wauwatosa still exceeds the MMSD peak flows standard. Jerome Fogel, MMSD, answered a question that there really is not a deadline for the City to comply with MMSD peak flow standards, as long as they can show attempts at reductions are being made.

The City of Milwaukee is also undergoing a pilot project in an area near our study where they are putting liners in the laterals and the main. They however, are not doing simulated rainfall; they are waiting for rainfall to monitor the success of the program.

Ald. Organ asked if the City would ever consider an ordinance that would make it mandatory for a house to be required to disconnect foundation drains at time of sale. Jerome Fogel, MMSD acknowledged being aware of municipalities have discussion like this, but was not aware of any ordinances in place at this time.

Mr. Perry said that extended flow monitoring will continue in 2013 to measure the response to wet weather events to quantify the remaining flow due to the foundation drains.

### **Level 3 fund transfer requesting approval for acceptance of revenue for replacement of the Fire Station #3 boiler**

The committee reviewed a memo from the Finance Director requesting approval of a Level 3 fund transfer for acceptance of revenue for replacement of the Fire Station #3 boiler.

Mr. Ruggini said due to the Zoo Interchange Project, the steam piping that supplies the boiler at Fire Station #3 will be severed and removed. The Wisconsin Department of Transportation has agreed to pay \$125,989

for the replacement of the boiler with a new HVAC system that will run on natural gas. Mr. Ruggini noted that steam is very inefficient and the new HVAC system will be more energy efficient.

To recognize the revenue and adjust the expenditure authority, a fund transfer approval is requested.

Moved by Ald. Wilson, seconded by Ald. Hanson  
to recommend approval of the fund transfer – Ayes: 7

### **TIF 6 financial projection and status and approval of a development agreement with UWM Real Estate Foundation**

The committee reviewed a memo from the Finance Director with an update TIF 6 financial projection and status and approval of a development agreement with the UWM Real Estate Foundation.

Mr. Ruggini said that since the last financial update on TIF 6 recent developments have occurred which has an impact on his financial projections. These new developments include finalized contract costs for Discovery Parkway and the Accelerator Building, updated WE Energy utility costs and the expedited need for an access road connecting Discovery Parkway to the western building pads. In addition, it is recommended that a portion of the City's in-kind contribution as part of the Federal Economic Development Administration's grant be redirected towards the construction of the Accelerator Building. Lastly, the TIF 6 Proforma has been updated to demonstrate the potential impact of future parking needs which have become readily apparent.

In order to facilitate these and future expenditures of TIF funds in the district, it is necessary to approve a Development Agreement to be entered into between the City and the UWM Real Estate Foundation as well as amend the TIF 6 project plan.

Mr. Ruggini updated the committee on the evolution on how TIF 6 is shaping up. He noted that it becomes more clear as the plans are revisited of what future costs may be. The powerpoint presentation will show what the impact might be on future costs, not necessarily projections.

The Finance Director said a lot of information will be forthcoming in the near future. It has become evident that parking needs will need to be discussed and will be the key to the TIF success.

The City Attorney advised that a more formal agreement needs to be put in place since private development at the site is being discussed. Lengthy discussion ensued with the City Attorney explaining the three major benefits of the agreement to the City: it will have the opportunity to offer different types of financial assistance, and the infrastructure will be defined in advance – this does not commit the City to any future funding, it gives us the ability if we chose to do so; the agreement formalizes the arrangement about future infrastructure maintenance for public and private, it will clarify the maintenance of things on private land to be maintained by them, the public right-of-way will be maintained by the City; and the agreement assures that, with some exceptions, any tax exempt uses which might be placed on the development parcels will be required to provide a Payment In Lieu of Taxes (PILOT) or a Payment for Municipal Services to the City in order to assure the financial viability of the District moving forward. Exceptions to this would require specific approval from the City.

There was concern raised about the Habitat Plan and the City Attorney responded that this agreement is separate. The Habitat Plan has already been designed and in place. The Development Plan still exists. Ald. Organ wanted to ensure that by approving this agreement, she wanted to make sure the other approvals didn't go away, be bypassed or abandoned.

Ald. Tilleson commented that surface lots take up so much land and is not eye appealing. He was happy that the City is looking at a parking structure.

Moved by Ald. Tilleson to recommend approval of the Development Agreement with the UWM Real Estate Foundation including \$700,000 of TIF #6 support for the Accelerator Building –

Motion dies for lack of second.

The Common Council awarded the Discovery Parkway infrastructure contact on November 20, 2012 for a total cost of \$7,301,231. This represents a \$1.0 million reduction over the assumed contract costs included in the prior financial analysis and a proportional decrease in the contingency, contractor mobilization and contract management costs. While these represent actual contract costs, the breakdown between TIF 2 and TIF 6 is still an estimate as the final allocation is still being calculated. Communication with WE Energies has confirmed that Discovery Parkway would not require steam tunnel relocations. This represented a \$1.1 million dollar cost in the original project plan. The \$750,000 cost to create a redundant water loop remains a TIF 2 cost as in prior projections.

There are also two proposed cost additions. It has become necessary to accelerate the completion of the western access road that connects Discovery Parkway to the three commercial building pads on the western portion of the site in order to leverage the existing infrastructure contract and timeline and facilitate potential development. The estimated cost is \$438,000.

Mr. Ruggini explained that the lower cost is a positive development, but it has unintended consequence related to the Federal Economic Development Administration grant. He reviewed the numbers with the committee explaining how the City's original obligation to the Accelerator Building is on target as it is 100% leased, staff recommends redirecting \$565,096 of the City's in-kind contribution as well as an additional \$135,000 towards the Accelerator buildings. The project budget does include a \$398,512 contingency and should the project come in under budget, the \$135,000 City contribution in-kind would be returned.

As discussed in earlier presentations, TIF 2's participation is made possible by Discovery Parkway serving a future residential development at the Eschweiler site. This reduces TIF 6's obligation from \$11.5 million of future cost to \$6.8. The analysis Mr. Ruggini explained above assumes TIF 2 cash participation which reduces TIF 6 debt service costs. The neighborhood development is critical to the success of the TIF.

The feasibility study as shown by Springsted Report in 2010 shows a total value of \$101,613,750. Mr. Ruggini said what is becoming very clear is structured parking will be necessary, given recent discussions held. Mr. Archambo noted that the parking structure will also enable preservation of green space. It was also noted that in the commissioned Kubala Washatko plan, structured parking will be necessary to conserve natural areas of the site.

The City Attorney discussed the announcement from UWM Real Estate Foundation that ABB Inc., and Zilber Property Group have entered in to a letter of intent to develop a three-story, Class A office building at Innovation Campus. The proposed 95,000 square-foot building is intended to house ABB's businesses operating in Southeast Wisconsin. The site is located in the western portion of Innovation Campus and would be the first private development at Innovation Campus.

Dave Gilbert and Sean Phelan were in attendance to answer any questions.

Ald. Hanson commented that he would not support the motion. He felt too much was happening too fast.

Moved by Ald. Tilleson, seconded by Ald. Donegan

to recommend approval of the Development Agreement  
with the UWM Real Estate Foundation including  
\$700,000 of TIF #6 support for the Accelerator  
Building – Ayes: 5 Noes: 2 (Hanson, Birschel)

**Approval of a three-year general maintenance contract for Water Department generators**

The committee reviewed a memo for the Finance Director requesting approval of a three-year general maintenance contract for Water Department generators. The current contract with Cummins N Power to provide annual maintenance for the City's two emergency generators has expired September, 2012. This is a multi-year contract.

Proposals for a three-year maintenance contract renewal on two diesel powered emergency backups were solicited. The utility desires to pre-qualify a contractor to perform annual inspections and servicing to insure their operations at all times.

Mr. Ruggini said that the low bidder, Fabco Cat, has provided general maintenance to the City in prior years and that the Water Superintendent recommended approval.

Moved by Ald. Hanson, seconded by Ald. Birschel  
to recommend approval to enter into a three-year renewable  
contract with Fabco Cat in the amount of \$6,030.00 – Ayes: 7

The meeting adjourned at 11:01 p.m.

Carla A. Ledesma, City Clerk  
City of Wauwatosa

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