



CITY OF WAUWATOSA

BUDGET COMMITTEE

MINUTES • SEPTEMBER 26, 2013

Regular meeting

Committee Room #1

6:00 PM

7725 West North Avenue, Wauwatosa, WI 53213

PRESENT: Alds. Wilson, Donegan, Dubinski, Tilleson, Birschel, Organ (6:27 p.m.) - 6

NOT PRESENT: Alds. Ewerdt, Hanson

ALSO PRESENT: J. Ruggini, Fin. Dir.; J. Archambo, City Admin.; R. Michelz, Traffic and Elec. Supt.; M. Kreiter, Op. Supt.; K. Hurst, Traffic & Maint. Supt.; E. Hilt, PW Analyst; T. Sharpee, Police Captain; J. Moldenhauer, Ald.; K. Ehley, Mayor; K. Causier, Ald.; W. Porter, PW Dir.; J. Wojcehowicz, Water Supt.; J. Tschudy, Water Bus. Mgr.

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

BUDGET COMMITTEE ITEMS

1. Public Works

Mr. Porter introduced the Public Works staff present including Randy Michelz, Mike Kreiter, Kevin Hurst and Elizabeth Hilt. He thanked Mr. Ruggini, Mr. Archambo, and his staff for their support during the budget process.

Mr. Porter reviewed the levy reduction strategies in the 2014 Public Works budget. He explained that the Public Works Department used seven strategies to meet their budgetary goals. These included a carryover from 2012, dual-use methodology, drop-off center funds, special pick-ups, public building refuse/recycling collection, cost savings from the two tier wage scale, and a pilot program for residential sidewalk replacement program.

Mr. Porter explained that the cost to run the drop-off center far exceeds the drop-off permit revenue. For this reason, the Public Works department felt a permit fee increase was warranted in 2014. However, increasing the drop-off center and special pick-up fees is no longer allowed under state law.

Mr. Archambo explained that fees may be raised, but any revenue that results from the fee increases would then reduce the City's levy capacity.

Ald. Wilson asked how diligent the drop-off permits are checked to ensure that they are not misused.

Mr. Porter explained that permit checks are consistent. He noted that Ms. Hilt and Mr. Kesner are researching this cost stream as a lean six sigma project.

Ald. Wilson asked if they could stop offering annual permits and charge for each use.

Ms. Hilt noted that this option will be covered in their six sigma project.

Mr. Porter explained that the Public Works Department achieved a levy reduction of \$260,091 through these seven strategies. The Department will bank 50% of the available \$130,000 for 2015 and the Department is requesting to use the remaining \$65,000 for one-time expenses in 2014, including tree removal, a tree pruning pilot program, a North Avenue traffic study, and pavement markings.

Mr. Porter explained that the Public Works expenditures changed slightly from 2013 to 2014, but there are larger reallocations within each account. He noted that two seasonal positions were removed from the budget due to the efficiencies of the dual use program and these labor funds were added back into the roadway maintenance budget.

Police Complex

Mr. Porter explained that staff time in the Police Complex budget was reallocated based on the requirements of the Kronos timekeeping system. In addition, the Police Complex budget includes an increase in the Sundry Contractual account to pay for an assessment of building mechanical systems. He explained that this building assessment will provide informed and professional guidance for future building maintenance plans.

Mr. Porter explained that he spoke with representatives from CB Richard Ellis regarding the City's building assessment needs, but he noted that the assessment will go through the standard Request for Proposal process. He explained that \$10,000 is budgeted in the Police Complex budget and \$20,000 is budgeted in the Civic Center budget for this building assessment.

Traffic - 01-242

Mr. Porter explained that the capital outlay in Traffic includes \$4,300 for traffic counters to utilize in future traffic calming studies.

Ald. Donegan asked Mr. Porter to explain the cost savings that result from the two tier system.

Mr. Porter explained that when the two tier system began, six Public Works positions were filled at a lower wage scale based on a market comparison and the wage variance resulted in a cost savings for the department.

Mr. Archambo confirmed that the wage variance was approximately 20-25% between the two tiers of the tier system. He explained that the two tier system was used in the interim between Act 10 and the establishment of a new City pay scale.

Ald. Donegan asked if the savings were annualized or if the positions were transitioned mid-year.

Mr. Ruggini explained that the positions were vacant in 2012 and budgeted at a higher rate in 2013, so the full year of 2014 is represented in the wage savings.

Mr. Porter explained that the capital outlay in Traffic includes funds to purchase two traffic counters and software to perform traffic calming studies. He noted that the speed table pilot just began, but the Traffic and Safety Committee has expressed interest in future studies. He explained that this equipment will allow the City to perform their own studies instead of paying a consultant for each study.

Ald. Tilleson asked if this type of traffic counter is a newer technology.

Mr. Porter explained that this type of counter is newer, but not cutting edge. He explained that this type of counter senses speed, volume, differentiates vehicle type, and can be moved easily.

Mr. Porter explained that the Traffic budget also includes funds for maintenance of traffic signals associated with the Mayfair Crossing development and Discovery Parkway.

Ald. Birschel asked why there are new electrical cables at the intersection of 116th and North Avenue.

Mr. Michelz explained that those are temporary poles related to upcoming DOT road construction near the interchange and he noted they are synched with temporary polls near the highway ramps.

Ald. Moldenhauer inquired if the traffic counters can sense bicycles. He noted that the City of Madison takes bicycle counts to assess what areas are most used.

Mr. Michelz explained that the counter requires a certain amount of pressure and bicycles will probably not put enough pressure on the counters.

Mr. Archambo noted that some communities use infrared counters to track bicycle use.

Ald. Wilke noted that bicycle counting would fit into the goals of the City's Bicycle and Pedestrian Plan. He mentioned that the DOT loans out equipment that can detect bicycles and he noted that this might be an option for Wauwatosa in the future.

Mr. Michelz noted that the WE Energies fee increase will be 2.5% in 2014.

Public Works Operations - 01-322

Mr. Porter explained that the Public Works Operations budget includes supervisory wages for the superintendents, supervisors, and watchmen. He noted there are no significant changes in the 2014 budget.

Roadway Maintenance - 01-331

Mr. Porter noted the wage increase in the Roadway Maintenance budget. He explained that the 2012 automated collection program reduced the number of FTEs necessary for solid waste collection. The solid waste labor was reduced from 8 FTEs to 4 FTEs in 2012. Then in 2013, the dual use program brought recycling in-house and only 5 FTEs are needed to collect solid waste and recycling. For this reason, 2.5 FTEs were reallocated into the Roadway Maintenance budget in 2014.

Mr. Porter noted that these additional funds will pay the City dividends by providing increased focus on roadway maintenance. He explained that the City was behind on road repairs, but is currently up-to-date due to increased funds and better supervision.

Ald. Donegan asked where most FTEs are located within the Public Works budgets.

Mr. Porter explained that many of the budgets share labor costs depending on what type of task the employees complete, but he noted that Roadway Maintenance, Solid Waste, Water, and Sanitary Sewer contain the majority of labor costs.

Ald. Wilson asked for a more detailed explanation of the Kronos allocation of positions.

Mr. Ruggini offered to create a chart of FTE representation and said he would present it later in the discussion.

Mr. Porter described the 2014 anti-icing pilot program. He noted that this program was not used as a levy reduction strategy in 2014, but if it is successful, it may be used as a strategy in the 2015 budget process. He explained that using liquids, or salt-brine, to de-ice or anti-ice is not a new technique. He explained that City employees visited several area communities that have utilized liquids for winter de-icing to investigate the pros and cons of this technique. He explained that most communities using liquids have had significant cost savings, but they all suggested starting slow.

Mr. Porter explained that there are three ways to use liquids. When tanker trucks spread liquid on the pavement in advance of a storm, he said it is called anti-icing. He noted that some experienced liquid users create liquid mixtures to apply in specific weather conditions and sometimes these even include beet juice. He explained that Milwaukee County has offered to sell Wauwatosa salt brine at a low cost.

Mr. Porter explained that the City purchased a small 500 gallon tank and sprayer to test the salt brine on Wauwatosa roads last winter.

Mr. Hurst explained that the Fleet Department spread the salt brine mixture near the Public Works yard last winter. He explained that the brine was applied about an hour before a snow storm and the brine application delayed the need for salt about one hour. He explained that the salt brine mixture is 32% salt water. He noted that the liquid mixtures sometimes include calcium chloride and beet juice, but Milwaukee County uses strictly salt brine.

Mr. Hurst explained that the current tank is a simple piece of equipment with a hand attachment that allows limited control, including the level of spray.

Mr. Porter explained that the City may apply the salt brine a few days prior to expected storms and thereby proactively treat the roads. He noted that the City could save on salt costs by utilizing this equipment because it delays the need for salt trucks. He explained that other municipalities reported a salt reduction of 20-40% after implementing a liquids program.

Mr. Hurst explained that City trucks can be retrofitted with salt brine pre-treatment tanks and sprayers. He explained that four \$2,700 units will be purchased for this pilot program to perform anti-icing and pre-wetting with liquids. The liquids will wet the salt and create a chemical reaction as it hits the street, and the City hopes to reduce their salt use from 600 lbs to 200 lbs per lane mile using this method.

Mr. Hurst explained that the new units will have ground speed controls as well as increased area of application.

Mr. Porter explained that this pilot program will require a change in department culture. The program intends to reduce salt costs, but the operators are used to applying more salt to ensure the snow and ice melts. He explained that a specific route will be designated for the pilot program to assess the effectiveness of the salt brine. He explained that operators will be trained to effectively use pre-treated salt and the weather forecast will be tracked to properly apply the salt brine.

Ald. Wilson asked if salting will be reduced everywhere in the City.

Mr. Porter explained that the 2014 anti-icing pilot program will cover most of the village, every railroad crossing in the City, and sections of Glenview Avenue, Swan Boulevard, and Discovery Parkway. He explained that the pilot program will track the use of salt.

Mr. Porter explained that this pilot program requires extensive operator training to ensure the equipment is properly used and he noted that employee buy-in will be essential to support the program. He explained that the 2014 salt budget is \$225,000 and the City expects to use 20-40% less salt by using liquids.

Ald. Donegan asked if the savings are from reduced salt use alone.

Mr. Porter noted that some savings could result from reduced overtime and equipment costs, but the savings are mostly related to reduced salting.

Ald. Donegan noted that the pilot program area includes several busy roads and steep hills. He asked if Mr. Porter is concerned about possible failure and asked if the pilot area will be watched closer than normal to ensure safety.

Mr. Porter explained that this program will allow the process to improve. He noted that residents currently have to wait until the trucks get to their area, but the anti-icing will keep the streets clearer longer. He explained that the program area will be observed and the department will track its effectiveness.

Ald. Moldenhauer asked if the \$50,000 allocated for salt in March 2013 is included in the pilot program calculations.

Mr. Porter explained that those salt funds have not been spent yet, but he noted that the salt supply is at 30% of full use. He explained that the City will buy less salt to start the 2013-2014 winter season and will then gauge their salt use before purchasing more.

Ald. Tilleson asked if there are any negatives associated with the salt brine, like smells or negative impacts on lawns.

Mr. Porter explained that the only negative mentioned by any municipality was related to the inclusion of beet juice in the salt brine mix. In communities that used beet juice, the red dye would sometimes get on cars and clothes. He explained that the City will be using pure salt brine in the pilot program, so this will not be an issue.

Mr. Hurst explained that the City is purchasing salt brine from Milwaukee County and they have no plans to add beet juice to the mixture. He noted that pure salt brine mixtures can be applied without any concern for slimy roads or dye complaints.

Ald. Tilleson expressed appreciation for the Public Works Department's continued innovation.

Ald. Wilson echoed Ald. Tilleson's praise. He thanked Mr. Porter and his Staff for working smarter, not harder.

Mr. Ruggini presented an overview of wages in the Public Works Department and he explained that compensation expenditures are down due to vacancies in several areas. He presented an overview of all Public Works employees and their FTE allocation breakdown in Kronos.

Mr. Porter described a second pilot program for 2014. He explained that the current sidewalk repair program addresses a different section of the City each year. As a levy reduction strategy, the Public Works department will test whether sidewalk repairs can be performed more efficiently in-house. City Staff identified a small area in the City near the intersection of West Clarke Street and 78th Street for the pilot program in 2014. The City cost to complete the repairs was calculated and the \$32,000 needed to fund these repairs was moved from the Operating budget into the Capital repair budget. For the pilot program, the City will utilize the salt trucks that are idle in the summer, rent a gradall, and purchase small tools necessary for the program.

Mr. Porter explained that the program will cost \$58,610 without the one-time purchase of tools. The contractor cost was quoted at \$40,880, putting the City at a cost deficit of \$17,000. He explained there are pros and cons to the plan. He noted that there are risks to this pilot program, but the opportunity will not negatively impact citizen special assessments because the City will assess the cost quoted by the private vendor. He noted that the costs of the program will be tracked, so that the City may assess the program's efficiency.

Ald. Donegan noted that if existing labor is used in the pilot program, the estimated costs of the program are over calculated because the labor cost is already accounted for in the budget.

Mr. Porter noted that the City will add five temporary employees to work with regular FTEs in this pilot program. He explained the labor costs in the City cost estimate included both temporary and FTEs.

Mr. Ruggini explained that the savings occur by shifting existing costs in the General Fund to the Capital Fund.

Ald. Donegan stated that the City would gain savings by accounting for the labor costs that are already budgeted. He asked how many blocks the pilot program will cover.

Mr. Porter noted that the four square blocks around West Clarke and 78th Street would be covered.

Ald. Wilson noted that the 2014 salt brine program seems like a sure savings, but the sidewalk program is a larger risk. He asked Mr. Porter whether the automated collection program in 2012 was considered a sure savings prior to implementation, or if it was a higher risk pilot program.

Mr. Porter explained that in the case of automated collection, the City was bidding against the private sector and the City beat the private sector costs in both variable and fully allocated costs.

Ald. Tilleson asked if the City already started a sidewalk program in 2013.

Mr. Porter explained that the City took a 2 year hiatus from the regular sidewalk program, but resumed the schedule in 2013.

Ald. Wilke commented that the vendor currently performing the sidewalk repairs is extremely efficient and asked if the City workers will be able to keep that pace.

Mr. Porter explained that City workers will not likely exceed the efficiency of experienced vendors at first, so his estimates include a longer timeline to complete the job. He noted that the pilot program will assess whether other variables make the City more efficient than the private sector.

Electrical Services - 01-335

Mr. Porter explained that the City will assume maintenance responsibility for the lighting on the Watertown Plank Road pedestrian bridge in 2014 and the City will continue to maintain the substation time-clock settings. He noted that 15% of the City's 6,200 lights have been converted to LED. He explained that the Blue Mound Road Substation was entirely LED for a small period of time before the new construction projects. During that window of time, the City tracked costs to compare substations and there was a 50% reduction on lighting costs for that substation.

Ald. Wilson noted that the increased cost for We Energies is 2.5% in 2014, but the City is saving 50% on the installation of LED lighting.

Mr. Michelz explained that each substation is different, so the savings will vary, but the cost reduction for the Blue Mound Road substation was approximately 50%.

Ald. Donegan asked if there are any new reports from traffic signal timing or previous lighting experiments.

Mr. Michelz explained that the City has 32 substations and the City has tried different combinations of time clocks and LEDs. He noted that the City currently turns the substations on 20 minutes after sunset and turns them off 20 minutes before sunrise. He explained that the City shut down substations for an hour in the middle of the night in 2011, but many complaints were made as a result of this change and the City chose to stop shutting off substations. He explained that the City had increased labor costs during that period. There were numerous calls and Staff had to verify if there were actual outages or if substations were purposely shut off.

Ald. Donegan asked if Staff does not suggest shutting down substations and asked how much money is saved by shutting down a substation for one hour.

Mr. Michelz noted that shutting off substations does save money and the one hour shut-off was an effective cost saving measure, but he did not have a savings estimate due to the large fluctuations within the lighting system over the last few years, including rate changes and construction caused changes. He noted that area west of Mayfair and north of Capitol transitioned to all LED and the City is currently collecting data on this change.

Ald. Wilson noted that he lives in the area of new installation and asked why the City is just starting to collect data.

Mr. Michelz explained the City already has significant amounts of data, but the fluctuating changes in the

system make it difficult to make comparisons.

Mr. Ruggini explained that there is limited comparability due to the significant changes in the lighting system. He noted that once the system stabilizes, there is quality data available and there will be good comparisons.

Ald. Wilson inquired if alley lights have been shifted to LED and if the City has established a lower rate with WE Energies for these lights.

Mr. Michelz explained that all alley lights in the City are LED and the City renegotiated the WE Energies rate this year. The rate was reduced from \$5.20 per fixture per month down to \$3.04 per fixture per month.

Ald. Wilson applauded the Electrical Services efforts and noted that the City is going in the right direction.

Public Works Facilities (outside) - 01-351

Mr. Porter explained that the Public Works Facilities Outside budget includes wages for the 24-hour maintenance positions and funds custodial work for the public works facilities. He noted there is a reallocation of time in the 2014, but no significant changes.

Solid Waste Management - 01-361

Mr. Porter explained that the 2014 Solid Waste budget supports the dual use program, yard waste collection, and the drop-off center. He noted that the Solid Waste division will continue to refine dual use operation and aims to improve yard waste collection in 2014. He noted that the dual use program has gone quite smoothly, but the department will continue to refine this operation.

Ms. Hilt presented a graph comparing the recycling tonnage achieved in 2012 and 2013. She noted that recycling tonnage has increased in 2013.

Mr. Porter explained that the City utilized a college worker to issue recycling notices on garbage carts that included excessive recyclables in their garbage. He noted that this effort may have positively impacted recycling.

Ald. Tilleson remarked that this type of notice is effective and suggested that increased public awareness may improve recycling numbers.

Mr. Porter explained that the approximate garbage disposal cost is \$57 per ton. He noted that recycling revenue varies, but is approximately \$10 per ton currently. He explained that each ton of recycling that is thrown in the garbage costs the City \$57. He noted that the revenue from recycling is listed as Recycling Rebates in the budget and is listed as \$100,000 in 2014.

Mr. Ruggini noted that recycling rebates are volatile and fluctuate significantly. He explained there was a high in 2011 when revenue was over \$50 per ton, and recycling revenue is now down to approximately \$12 per ton.

Ald. Wilson noted that the City still saves money by increasing recycling tonnage, even if the rates go down.

Ald. Organ inquired if styrofoam can be included in the recycling cart.

Mr. Kreiter explained that it is accepted in the recycling cart, but there is currently no market for it.

Mr. Archanbo suggested that everyone should lean towards recycling items if they are not sure. He explained that non-recyclables would be removed during the sorting process.

Ald. Organ remarked that the public does not fully understand the new recycling parameters.

Ms. Hilt presented a graph of yard waste tonnage collected from 2010 to 2013. She explained that the City started in-house yard waste collection in 2013. She noted that 2013 yard waste tonnage exceeded the yard waste tonnage in 2012 by 30%.

Mr. Porter noted that the shift to in-house yard waste collection was not the cause of this increase, but there was a significant increase in the last year. He explained that all yard waste is recycled by Purple Cow for a fee. He remarked that City crews may have been more forgiving than Veolia crews. He noted that yard waste limits or special pick-ups may be an option in the future.

Mr. Porter explained that 2014 Solid Waste expenses are equal to 2001 Solid Waste expenditures. He noted that the dual use program and internal collection will benefit the City moving forward.

Forestry - 01-561

Mr. Porter explained that the Forestry division's training pruning program is on schedule, but the sectional pruning program is not on schedule. He explained that training pruning ensures that newly planted trees grow properly and sectional pruning is the systematic upkeep of all City trees.

Mr. Porter explained that sectional pruning has increased, but it is still below the suggested level. He noted that Parks receives 1,100 maintenance calls on average between the months of April and November. He explained that residents are told to wait until the City reaches their area because there are too many requests to perform outside of the defined schedule. He noted that training pruning is on schedule and has kept on pace.

Mr. Porter explained that harsh winters limit the City's ability to focus on tree removal. He explained that harsher winters require more Snow & Ice Removal man-hours and this decreases the man-hours available for tree removal. He noted that any infestation of trees would require quick action. He explained that ash borer is devastating for tree populations and spreads very quickly. He noted that about 17% of the City's 25,000 trees are Ash.

Ald. Tilleson asked if the ash borer treatment is a preventative or a cure.

Mr. Porter explained that it is not a cure, but is a highly effective preventative treatment.

Ald. Donegan asked if all City trees are treated for ash borer prevention.

Mr. Porter explained that treatment is available for prevention of the ash borer, but treatment is offered to citizens for a fee and only approximately 10% utilize the program. He noted that the treatment must be reapplied every other year and some environmentalists don't approve of the treatment.

Mr. Ruggini explained that the treatment is required every other year and the cost is covered by the resident. He noted that some neighborhood associations fundraise together to pay for the treatment.

Ald. Wilson asked if citizen involvement is due to the treatment cost or need of owner permission.

Mr. Porter explained that the fee is not to recover costs, but pays for the treatment.

Ald. Tilleson asked how much it costs to replace a tree.

Mr. Porter noted that replacement of a tree would cost approximately \$100 to \$150 dollars.

Ald. Tilleson inquired if the resident is charged for the removal of a dead tree if they have never paid for the tree treatment. He suggested that the City should not pay for the replacement of trees that have not been given the treatment.

Mr. Porter explained that the City removes dead trees at the City's expense. He noted that the trees are on City property and could cause hazard if left dead and in the ground. He explained that ash borer is a slower decline and takes longer for the trees to die, but ash borer often impacts many or all Ash trees in a geographic area.

Ald. Wilson noted that Wauwatosa's trees are somewhat part of the City's infrastructure and asked if treating all the trees in the City would be a cost efficient measure compared to removing and replacing dead trees.

Mr. Porter noted that removing, grinding out the stump, and installing a new tree would probably cost between \$500 and \$700.

Ald. Wilson noted that this replacement cost is far more than treating all the trees for a few years.

Mr. Archambo noted that the treatment cost was calculated a few years ago and it was in the \$300,000 range.

Mr. Porter noted that the cost to remove and replace all trees was in the \$3 million range.

Ald. Wilson noted that it may be time to review those numbers again.

Ald. Tilleson remarked that the Council may want to create a policy that addresses the cost of tree treatment and tree replacement.

Ald. Organ noted that the treatment is not a sure thing and the City is the owner of the trees, so the owner cannot be held responsible for them.

Ald. Tilleson remarked that the residents are choosing to not apply a preventative measure.

Mr. Porter noted that the current treatment for ash borer is considered extremely effective, but the treatment must be re-applied to maintain its effectiveness.

Ald. Wilke agreed that the City is the owner of City trees and remarked that the City is responsible for their upkeep.

Ald. Tilleson explained that he does not contest the City's responsibility for City trees, but remarked that there should be a discussion regarding the cost of treatment versus the cost of replacement.

Ald. Wilke noted that this discussion did occur a few years ago and the City chose to not provide treatment because the treatment was not considered as effective. He suggested checking with other municipalities to see what they have tried.

Ald. Organ remarked that the treatment was not presented as a sure thing in the previous discussion.

Ald. Wilson noted that the issue of tree treatment versus tree replacement is a topic that should be discussed again.

Mr. Porter explained that the standard length of pruning cycle is 7 years, but the City's current length of pruning cycle is 13.5 years. He noted that residents are correct when they say their trees are in need of pruning. He explained that the City will dedicate \$20,000 of the funds available from their levy reduction for a tree pruning pilot program. He explained that the City expects to reduce the sectional pruning cycle length down to 12 years by the end of the pilot program.

Public Works Building Reserve - 07-301

Mr. Porter explained that the 2014 Public Works Building Reserve includes energy savings from increased LED use. He noted that LED lights were installed in the vehicle storage area in 2013 and LED lights will be installed

in the mechanics area in 2014. He explained that City expects approximately \$18,000 in cost savings annually from the LED upgrades.

Mr. Porter noted that a remodel of the Public Works Facility was planned for 2014. He explained that the costs are higher than expected, so the remodel will most likely stretch over a few years.

Mr. Kreiter noted that there were 342 sodium fixtures taken out and 180 LED fixtures installed in 2013, but there is significantly more light with the LEDs.

Mr. Ruggini suggested that the Committee visit the Public Works Facility to see the remarkable difference of LED lighting.

Mr. Michelz noted that the City estimates an annual cost savings from LED installation in the Public Works Facility of \$17,780 and with these estimated savings the pay back for the project will be 6.6 years.

Moved by Ald. Tilleson, seconded by Ald. Wilson
to recommend approval of the Police Complex, Traffic,
Public Works Operations, Roadway Maintenance, Electrical Services,
Public Works Facilities (Outside), Solid Waste Management, Forestry,
and Public Works Building Reserve budgets - Ayes: 6

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Joel Tilleson, Alderman
SECONDER:	Craig Wilson, Alderman
AYES:	Donegan, Wilson, Dubinski, Organ, Tilleson, Birschel
EXCUSED:	Hanson, Ewerdt

2. Engineering - 01-321

Mr. Porter explained that the City had a very high construction project level in 2013. He noted that the project level has created high stress in the Engineering department and the project level will maintain through 2014, but will decrease slightly in 2015 through 2017. He noted that this anticipated project level does not include several known projects including the Zoo Interchange Interface, work on Menomonee River Parkway, storm hardening in East Tosa, Research Park projects, or any new development engineering reviews.

Mr. Porter explained that the Engineering Department structure was reviewed objectively to assess the needs of the upcoming projects. He noted that Baker Tilly reported the max design and project management capacity per professional engineer in 2009 and the City used these figures to calculate the staffing needs for the next few years. He explained that Baker Tilly estimated max design capacity of \$1.5 million per engineer in 2008 and \$3.3 million max project management capacity per engineer in 2009. The City adjusted these amounts for 2014 to calculate the City's staffing needs.

Mr. Porter explained that this analysis indicated that the City needs at least seven professional engineers to cover the project management levels expected in 2014-15. He explained that the Engineering Department will hire one additional full-time professional engineer (PE) and one limited term PE for a 2-year term. The full-time PE would act as the Assistant City Engineer position in order to delegate tasks necessary for the increased level of projects. The current duties of the City Engineer would be distributed between the two positions and the new Assistant City Engineer would also manage the expected increased level of development reviews.

Mr. Porter explained that having more internal support will reduce consulting costs and create internal knowledge including Wauwatosa's design standards. He noted that accurate Kronos time reporting will be essential to track goals and allocations that may be charged to Capital. He noted that the limited term PE will provide additional horsepower to the Department to manage the increased project workload. He explained that

adding these internal positions is a less expensive option than hiring out additional consultants. He noted that the limited term position will be reassessed based on future project needs.

Mr. Ruggini explained that the Engineering budget includes charges to Capital as a negative expense. He explained that the methodology used to calculate this charge is outdated and has not been updated for decades. He explained that the old method does not accurately represent the resources spent. The old method fails to capture any engineer time spent on managing consultants or externally designed projects. He noted that the 2013 reimbursement from Capital equals \$425,000 using the old method, but a more accurate calculation would charge \$1,290,000. He noted that the City calculated an overhead rate of 1.82 in 2013 and private engineering firms bill a multiplier of 3.0 on average. He explained that the City is better off using internal staff based on the significantly lower overhead rate of 1.82.

Mr. Ruggini explained that the City will increase the reimbursement from Capital in the Engineering budget by \$775,000 and create a transfer to Capital of \$450,000 in 2014. He explained that this change is suggested to move the reimbursement from an implicit to an explicit subsidy, but also allows the City to eventually decrease the subsidy. He noted that the proceeds of decreasing the subsidy in 2014 will fund the additional engineering positions and address the budget gap. He explained that he does not want to create a revenue dependency and noted that the reimbursement from Capital should not be depended on as a revenue. In 2016, the reimbursement from Capital is expected to decrease to \$665,000.

Ald. Donegan stated that the Capital budget is intended to soften the costs of major projects and spread the repayment overtime. He inquired why the City would not utilize the entire subsidy in 2013.

Mr. Ruggini noted that the City has plenty of debt capacity, but he is concerned about the impact on the property tax payer. He explained he is trying to keep the debt increase to 1% per year.

Ald. Donegan noted that there would be relief from the General Fund in the amount of \$948,374.

Mr. Ruggini explained that the General Fund subsidy is decreased to \$327,908.

Ald. Donegan asked if the General Fund could realize the \$327,908 subsidy in 2013 and then spread that debt over 20 years.

Mr. Ruggini stated that is correct, but he explained that all of his figures are estimates and he would not suggest issuing debt based on these numbers.

Ald. Donegan asked why the property tax payers benefit from leaving it as a General Fund expense rather than a debt service. He noted that the City expects the General Fund to hit a wall in 2015 and the City also expects a wave of Capital expenditures. He suggested that additional debt service could provide some relief.

Mr. Ruggini explained that debt service is more costly due to interest costs. He noted that it is good practice to keep a mixture of cash-financed and debt-financed projects. He noted that this option could be considered when the City faces the 2015 budgetary gap. He explained it is convenient to maintain some cash in the Capital budget to cover unanticipated projects or projects that are not bond eligible.

Ald. Moldenhauer asked how much the new urbanism accreditation costs. He noted that new urbanism is John Norquist's outfit and remarked that Council has not discussed implementing new urbanism in Wauwatosa.

Mr. Ruggini explained that it is an accreditation program offered by the University of Miami and the fee is a few hundred dollars per engineer.

Mr. Archambo agreed that it has not been discussed at the Council level and explained that it is a program that focuses on complete streets engineering, a form of street engineering that focuses on pedestrian and bicycle inclusion. He noted that the accreditation program will prepare Wauwatosa engineers for the implementation of the Bicycle and Pedestrian Plan.

Ald. Wilke inquired if the new urbanism accreditation would train someone to assume the role of Bicycle and Pedestrian Coordinator.

Mr. Archambo noted that the training would line up with the Bicycle and Pedestrian Plan, but time restraints may limit the City from providing a full-time coordinator.

Ald. Wilke remarked that the accreditation will benefit the future implementation of the Bicycle and Pedestrian Plan.

Ald. Birschel commented that he supports the addition of a full-time PE and temporary PE. He noted that in-house engineers become community stakeholders and he supports the Engineering Department's restructuring.

Ald. Wilson praised the Engineering Department for focusing on assessing staffing levels for the expected influx of work. He also expressed appreciation for Mr. Ruggini's efforts to better manage the Engineering budget.

Ald. Tilleson commented that the new urbanism accreditation will allow the City to perform more tasks in-house and reduce the need for consultants in the future. He noted that his will result in cost savings and he stated that he supports this program.

Ald. Donegan commented that the Engineer Department is already reaching its maximum level of workload. He remarked that the level of projects expected in 2014 may demand additional staff and he asked if Ald. Tilleson and Ald. Wilson are requesting additional staffing.

Ald. Tilleson agreed that the Engineering Department deserves additional staff, but he noted that additional staff requires a funding source. He remarked that he would consider increasing Engineering staff during the 2015 budget process. He thanked Ald. Donegan for his comments and suggested that it should be discussed during the 2015 budget process.

Mr. Archambo explained that time allocation greatly affects what budget pays for the work and depending on which budget is charged, increased staffing may or may not impact the tax levy.

Moved by Ald. Donegan, seconded by Ald. Birschel
to recommend approval of the Engineering budget - Ayes: 6

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Peter Donegan, Alderman
SECONDER:	Donald Birschel, Alderman
AYES:	Donegan, Wilson, Dubinski, Organ, Tilleson, Birschel
EXCUSED:	Hanson, Ewerdt

Fleet Maintenance Reserve - 06-201 & General Purpose Equipment Reserve - 23-841

Mr. Porter explained that Mr. Hurst and the Finance Department worked together to improve the fleet billing system. In addition, Mr. Hurst has provided guidance in the implementation of the dual use program.

Mr. Hurst explained that the Fleet Maintenance fuel system will be upgraded in 2014. He noted that the system was originally installed in 1986 and the new system will drastically update the fuel system. He explained that the total cost for upgrade is approximately \$175,000 and the 2014 Fleet budget includes \$55,000 towards this purchase.

Mr. Hurst explained that the Fleet budget includes funds for a vehicle cost comparison. He explained that the Fleet division will purchase one electric, one hybrid, and one gas-powered vehicle for the Building Inspection division in 2014. He noted that the vehicles will be purchased using the statewide cooperative and the City will compare the costs of each vehicle type.

There were no questions or comments from the gallery.

Ald. Organ inquired why the Fleet Maintenance Reserve expenditures and revenues don't add up in the budget summary table. She asked where the 2014 budgetary changes are reflected in the budget breakdown.

Mr. Ruggini explained that the Fleet Maintenance Reserve is an internal service fund and the City has fund balance targets. He explained that Fleet's fund balance target aims to have 30% of fuel costs in reserve and 2014 will show a slight profit to help fund that fuel reserve.

Mr. Ruggini explained that the purchase of new equipment is in the General Purpose Equipment Reserve that is listed separately in the budget summary. He explained that equipment funds are kept in a separate fund and every department is charged for their replacement units. He explained that this procedure allows the City to pay cash for new equipment.

Mr. Ruggini explained that the fuel budget is included in the Fleet budget's operating supplies and expenditures.

Mr. Hurst explained that the Crown Victoria squad is discontinued, so all future squad cars will be Ford Taurus all wheel drive units. He explained that the Ford Taurus has better gas mileage than the Crown Victoria and this change will equate to approximately \$30,000 in fuel savings per year. He explained that seven squads are replaced each year and the squads being replaced are in the 120,000 mile range. He noted that front line squad cars also have a significant amount of wear from idle time.

Ald. Organ asked why there is a large increase in the 2013 Estimated wages and 2014 Executive Budget wages.

Mr. Ruggini explained that charged labor was previously included in the Repairs line item, but the wages are now budgeted entirely in the Wages line item.

Municipal Complex - 25-181

Mr. Porter explained that the Municipal Complex Reserve includes funds to hire a consultant to assess City Hall mechanical systems, funds to complete City Hall office renovation plans, and funds to complete the upgrade of HVAC systems in the IS server room. He explained that the IS server room HVAC failed in 2013 and the room is currently regulated by a window unit.

Mr. Porter noted that wages in this budget decrease in 2014 and the corresponding increase is in the 2014 Police Complex budget.

There were no questions or comments from the gallery or Committee.

Parks Reserve - fund no: 27

Mr. Porter explained that the Parks Reserve budget is an expensive and large budget, but there are no significant changes. He explained that the Parks Reserves includes the construction of the pavilion next to Hart Park playground. He noted that there are a few 2014 Capital Outlay purchases including a replacement lawn mower and additional picnic tables.

Ald. Donegan asked why there is 19.14 FTE in the Parks Reserve budget.

Mr. Ruggini explained that the FTE total includes both Parks and Forestry personnel.

Ald. Tilleson asked for more detail on the sidewalk replacement listed for \$50,000.

Mr. Porter explained that the sidewalk on the east side of the stadium is pervious concrete. He explained that it was installed when the stadium and parking lot were built, but it is now crumbling. He explained that pervious concrete is meant to allow water to percolate through the concrete, but the winter weather caused the sidewalk to crumble.

Ald. Donegan asked if the Parks and Forestry wages encompass all of the wages managed by the Forestry Department.

Mr. Ruggini explained that a small amount of Forestry wages are in the Clerk's budget for election assistance, but all remaining wages are managed by the Forestry Department.

3. Sanitary Sewer - 04-211

Mr. Porter explained that the Sanitary Sewer Reserve is a large budget that has few operating changes. He explained that the Public Works Department will work towards a Private Property I/I policy to reduce infiltration and inflow on private property and the Public Works Department will continually assess the lateral grouting program. He noted that the Manhole Repair Program will continue in 2014 and he explained that this program is required by the Department of Justice.

Ald. Wilson inquired why the Department of Justice is involved in manhole repairs.

Mr. Porter explained that the manhole repair mandate is part of a settlement between the Department of Justice and the River Keepers that requires all municipalities to spend a certain amount on sanitary sewer repairs. He noted that the City chose to spend these mandated funds on manhole repair.

Ald. Donegan remarked that the revenues have increased by approximately \$1.5 million, but expenditures have only increased by approximately \$900,000.

Mr. Ruggini explained that principal payments are not counted as expenditures because Sanitary Sewer and Storm Water are on full accrual accounting, so the expenditures appear to fall short of the revenues in the budget.

Mr. Ruggini explained that the proposed 2014 sanitary rate increase is 17%. He explained that MMSD accounts for half of the bill, so the impact on the sanitary portion of the bill would be approximately 11%. He noted that the debt coverage ratio is currently at 1.48, but this will drop considerably when debt is issued in November.

4. Storm Water - 17-366

Mr. Porter explained that the Storm Water budget includes funds for Milwaukee Avenue improvements to bring flood relief to the Milwaukee Avenue Corridor and continued catch basin cleaning. He explained that catch basin cleaning was emphasized in 2013 and every catch basin will be cleaned by the end of 2013. He noted that the Public Works Department will work with MMSD to begin the planning process for the jurisdictional transfer of Schoonmaker Creek in 2014.

Mr. Ruggini explained that the proposed 2014 Storm Water rate increase is 16.8%. He explained that debt coverage is 1.05, which is less than ideal, but the City may be able to cash finance some capital projects in 2014 to improve this ratio.

Ald. Tilleson asked if the Milwaukee Avenue project will coincide with utility replacement.

Mr. Porter explained that the Milwaukee Avenue project is a complete reconstruction including utilities.

Ald. Dubinski noted that the Milwaukee Avenue project will be equal to the level of the Meinecke Avenue project.

Moved by Ald. Donegan, seconded by Ald. Tilleson to recommend approval for the Fleet, Municipal Complex, Parks Reserve, General Purpose Equipment Reserve, Sanitary Sewer Reserve, and Storm Water Management budgets - Ayes: 6

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Peter Donegan, Alderman
SECONDER:	Joel Tilleson, Alderman
AYES:	Donegan, Wilson, Dubinski, Organ, Tilleson, Birschel
EXCUSED:	Hanson, Ewerdt

5. Water Utility

Mr. Wojcehowicz expressed appreciation to the Committee for approving the increased staffing in the Engineering Department. He noted that the Water Utility often works with the Engineering Department and internal knowledge will greatly help in future collaborative projects.

Mr. Wojcehowicz summarized the 2012 Public Service Commission Rate application process. He noted that the process was delayed and there was a decrease in the Rate of Return allowed. He noted that tank painting was added to Utility costs and the Utility can no longer charge new customers for water meters.

Mr. Wojcehowicz explained that the 2014 Water revenue is projected to be \$7,692,284 and the net income will be \$209,269. He noted that there is a negative cash flow due to the cash payment for the painting of Glenview Water Tower.

Mr. Wojcehowicz explained that reduced water use by top industrial customers has significantly decreased Water revenue totals. He noted that future water sales will increase due to Milwaukee County acquisitions, the new Mayfair Collection development, and the UWM development site. He estimated that the Milwaukee County acquisitions will bring in approximately \$56,000 in new water revenue, but he explained that future sale estimates are not included in the 2014 budget.

Mr. Wojcehowicz described major changes in the Water operating budget. He noted that taxes and depreciation will increase more than 8% from 2013 to 2014.

Mr. Archambo noted that the Water Utility is the fourth largest tax payer in Wauwatosa.

Mr. Wojcehowicz described the expense changes in the 2013 Water budget. The 2013 expense increases included the amortization of water tower painting and higher workers compensation costs.

Mr. Wojcehowicz explained that the 2014 Water budget includes new revenue from Sprint and Verizon Wireless lease agreements for water tower rent. He explained that these leases will generate over \$50,000 in new revenue each year.

Mr. Wojcehowicz noted that the only labor expense change was the shift from one half-time clerical position to one full-time clerical position.

Mr. Wojcehowicz presented a graph of water pumpage volume since 1993. He noted that water usage is declining and remarked that reduced water use negatively impacts Water Utility revenue.

Mr. Wojcehowicz explained that the Water Utility is a member of the American Water Works Association (AWWA) and goes through an AWWA audit every year. He noted that the Water Utility scored a 90 of out 100 on the latest audit. He explained that the lost water revenue will improve as the Water Utility shifts to automatic meter reading because leaks will be located sooner.

Mr. Wojcehowicz summarized the upcoming capital improvement projects for Water storage facilities. He noted that Glenview Water Tower is scheduled for external painting in 2014.

Mr. Wojcehowicz explained that the Water Utility is researching products for maintenance crew safety. He noted that employee safety is essential and purchasing the appropriate equipment will reduce injuries and risk.

Mr. Wojcehowicz explained that the Water Utility used a new method called pipe lining to repair failing backyard water mains in 2013. He explained that the backyard water mains in the neighborhood of Wisconsin Ave and Mary Ellen Place failed in 2013. He described the pipe lining process that was performed on the backyard water mains and explained that the Water Utility will use this method in 2014 to replace additional sections of backyard water main in this neighborhood. He explained that this method is the least invasive method and requires the least amount of excavations.

Mr. Wojcehowicz noted that there is a problem section of water main near Currie Golf Course. He explained that there were several main breaks on the 16" main and it is the only single supply feed north of Keefe. He explained that the Water Utility plans to extend an 8" main underneath the river to create a secondary supply.

Mr. Wojcehowicz gave an update on the Advanced Metering Infrastructure (AMI) Project. He noted that Water Utility staff installed over 2,000 new units in 2012. He explained that the Utility continued installations in 2013 and the project has covered neighborhoods north of Keefe, between Burleigh and Keefe west of the river, and the Ravenswood and Glenview neighborhoods. He noted that the Utility is currently upgrading units in the neighborhoods east and south of Mayfair Mall. He explained that the Water Utility plans to keep the project in-house in 2014 and significant labor hours will be devoted to the AMI project.

There were no question or comments from gallery.

Ald. Wilson thanked Mr Wojcehowicz for the thorough presentation.

RESULT:	RECOMMENDED FOR APPROVAL [UNANIMOUS]
MOVER:	Joel Tilleson, Alderman
SECONDER:	John Dubinski, Alderman
AYES:	Donegan, Wilson, Dubinski, Organ, Tilleson, Birschel
EXCUSED:	Hanson, Ewerdt

6. Library - 01-511 (held from September 19, 2013)

The Committee discussed whether to continue the meeting or hold the remaining items on the agenda.

Mr. Ruggini explained that the State aid amounts may increase or decrease the level of funds available to appropriate. He suggested that the aid amounts will impact the decision-making process and the State should report these amounts by October 1st.

Moved by Ald. Donegan, seconded by Ald. Organ
to hold the Library, IS, Crossing Guard, Mayor and Administration,
and Unallocated Revenue budgets until October 3, 2013 - Ayes: 8

Ald. Wilson commented that the final State aid amounts will help the Committee discuss the remaining items at the October 3rd meeting.

RESULT:	HELD [UNANIMOUS]
MOVER:	Peter Donegan, Alderman
SECONDER:	Jill Organ, Alderwoman
AYES:	Donegan, Wilson, Dubinski, Organ, Tilleson, Birschel
EXCUSED:	Hanson, Ewerdt

7. Information System and Equipment Reserve - 24-144 (held from September 19, 2013)

RESULT:	HELD
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8. Crossing Guard - 01-214 (held from September 19, 2013)

RESULT:	HELD
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9. Mayor and Administration - 01-131 and 01-132 (held from September 19, 2013)

RESULT:	HELD
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10. Non-Departmental: Unallocated Revenues

RESULT:	HELD
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Carla A. Ledesma, CMC, City Clerk