

CITY OF WAUWATOSA

MEMORIAL CIVIC CENTER
7725 WEST NORTH AVENUE
Telephone: (414) 479-8917
Fax: (414) 479-8989

BUDGET & FINANCE COMMITTEE MEETING

Tuesday, December 3, 2002
Committee Room #2

PRESENT: Ald. Bruderle-Baran, Casey (6:07 p.m.), Grimm, Jenkins, Matthews, Stepaniak, Subotich – 7

EXCUSED: Ald. McCarthy

ALSO PRESENT: T. Wontorek, City Admin; A. Kesner, City Atty.; P. Coffaro, Asst. to Admin.; W. Kappel, Public Works Dir.; W. Wehrley, City Engr. Div. Mgr.; R. Braier, Finance Dir.; M. Brown, Personnel Dir.; C. Thomas, Payroll & Benefits Mgr.; M. Mulroy, Library Dir.; J. Wojcehowitz, Water Supt.; J. Tschudy, Acct./Bus. Mgr., Water; J. Bembenek, Purchasing Mgr.; Chief D. Redman, Fire

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

Extension of cell phone contract for one year at a reduced rate

Mr. Bembenek told the committee that the contract includes both city hall and school district cell phones. He said the school district has agreed to the recommendation to extend the US Cellular contract. The present rate is \$9.75 per month and 10 cents per minute for each phone. He said the city hall portion of the present contract amounts to approximately \$25,000 annually. Continuing cellular service with US Cellular would mean having a reduced rate of \$8.00 per month and 9 cents per minute. This will save the city approximately \$3,750 annually and the length of term would be one year.

Ald. Jenkins asked if a one year contract is standard. Mr. Bembenek responded that it is the average length of time for this type of contract. He added that they would like to keep the contract to one year because the market is so fluid.

Moved by Ald. Jenkins, seconded by Ald. Matthews to recommend approval of the one-year cell phone contract extension with US Cellular – 6

Health and dental rates for 2003

Ms. Thomas said the city's health insurance consultant from Health Care Systems Consultants has reviewed recent claims in the self-insured health plan administered by BSI. He estimated the claims for 2003 will be \$6,518,542. This is \$206,779 more than the \$6,311,763 that was budgeted for claims in 2003. She said the city budgeted for a 25% increase in the rates for United Healthcare (UHC). UHC proposed a 31% increase in rates. The health insurance consultant concluded the proposed increase was not justified. She said that based on problems with their methodology, UHC reduced the increase to 26.8% and repeated requests from the city brought it down further to 25%. She said the self-insured dental plan continues to increase modestly at a rate of 4%. She added that Care-Plus (a dental HMO) increased their rates by 6%. That rate of increase has been steady over a number of years. She said that this year, Dentacare increased their rates by only 4.6% through significantly reducing their plan benefits. They previously had no annual limit on their benefit, now they have a \$1,000 per person limit. It is anticipated that most of the 32 participants will change plans. She said if that happens, the city may drop the plan and allow anyone still in Dentacare another opportunity to select one of the other plans. She recommended that the city adopt the proposed 2003 health and dental rates.

Ald. Bruderle-Baran expressed concern regarding the extra \$206,779 needed to cover the claims.

Moved by Ald. Grimm, seconded by Ald. Jenkins to recommend adoption of the health and dental rates for 2003. Vote on the motion was, Ayes: 6, Noes: 0, Present: 1 (Bruderle-Baran)

Changes to the proposed 2003 assessment rate

Mr. Wehrley said that this year they used the same methodology as they had in past years in calculating paving assessments. They have come up with a 2.6% rate increase. It was suggested at the Board of Public Works meeting that the city establish paving assessment rates to recover 60% of paving costs. He said that currently residents are assessed the same amount for front footage whether they live on a wide or a narrow street. If the calculation were changed to recover 60% of the paving costs, there would be years where the assessments rates would climb drastically. If they continue with the currently methodology there would be a slight increase from year to year instead of a great fluctuation.

Ald. Casey acknowledged that special assessments can be very sensitive. He said that a majority of cities use the methodology of cost averaging. He added that it is good to review this periodically; however, the city should stick to the per front footage rate throughout the city for determining paving assessments.

Ald. Matthews asked if looking at changing this calculation was suggested as a way to get a few more capitol projects done this year. Mr. Kappel reiterated that it was an attempt to achieve a 60% recovery rate. He added that when they delved into the numbers, they found they would not be recovering a flat 60%. He recommended the city continue to use the current methodology for calculating paving assessments.

Moved by Ald. Matthews, seconded by Ald. Casey to recommend adoption of the rates proposed in the resolution and to maintain the current methodology for calculating paving assessments – 7

Carry-over of 2002 operating funds in the amount of \$6,000 for Parks football shed repair

Mr. Kappel said that there were two projects planned: 1) repairing the football shed, and 2) duct work for the Tosa Room at the Muellner Building. He said the cost and need for additional repairs to the football shed have gone up. They are recommending a change of purpose for a portion of the HVAC duct funds to be transferred into the football shed repair account and that the football shed repair account be carried over to 2003 for completion. He added that the repair work needs to be contracted out due to a concern about asbestos.

Ald. Casey asked about the reason for the duct work. Mr. Kappel said that the issue was cooling the Tosa room in the summer. The idea was to pump cool air in from the other chiller. He said the chiller unit that runs the ice machine also cools that room; however, the duct work would be too small for the room and not worth the money. He added that the football shed had more serious problems with rotting and roof repair concerns.

Moved by Ald. Casey, seconded by Ald. Jenkins to recommend approval of the carry-over of 2002 operating funds in the amount of \$6,000 for the football shed repair – 7

Carry-over of 2002 operating funds in the amount of \$77,000 for Public Works building equipment

Mr. Kappel told the committee that there were three projects that were placed on hold; by the time they got around to them it was the end of the year. He recommended carrying over the funding into 2003 in order to complete the projects.

Moved by Ald. Grimm, seconded by Ald. Bruderle-Baran to recommend approval of the carry-over of 2002 operating funds for Public Works department building equipment --

In response to questions, Mr. Kappel replied that these projects got a little involved because they are applying for Focus on Energy funding.

Vote on the motion was, Ayes: 7

2003 Water Utility Budget

Mr. Wojcehowicz said this year remains profitable. There have been a lot of changes in the utility direction. He said the utility estimates net income to be \$18,250 for this year and a 2.02% rate of return. The projection for 2003 is a \$54,751 deficit in the net income and a 1.77% rate of return. He recommended purchasing the equipment needed for fluid conservation and using city employees to do leak surveys. He pointed out that outside contractors are not as familiar with the city's system as the employees who work with it consistently. They are therefore more prone to missing crucial leaks in the system. He outlined future proposed projects including the Feerick water tower painting, water meter replacement cycle, a backyard water main survey, having a supplemental call-out list for water emergencies, and the Watertown Plank Road main repair. He pointed out that if the Watertown Plank Road project proves to be too costly, they will abandon the existing main and focus on other capital improvement projects. He added they have also been negotiating cellular phone service costs. They were able to obtain phones from Verizon Wireless at a savings of approximately \$1,200 per year. He stressed that manpower is critical to their department. If they have to hire contractors, it costs much more than overtime. Mr. Tschudy noted that while they are projecting a \$54,751 net loss, the rate of return is based on operating income. He said it is possible to have a net loss and still have a positive rate of return.

Moved by Ald. Casey, seconded by Ald. Bruderle-Baran to recommend approval of the 2003 Water Utility Budget – 7

Water Rate Case application with the Wisconsin Public Service Commission (PSC)

Mr. Wojcehowicz told the committee that the last time the Common Council approved a full rate review by the Public Service Commission (PSC) was in 1994. He said that since 1995 the utility has only passed along rate increases that were directly associated with the purchase of water from the Milwaukee Water Works. He recommended that it was the proper time to have the PSC conduct a review given the water utility's projected deficit of \$54,751 in net income for 2003,

Ald. Bruderle-Baran asked if the PSC would look at the fact that Milwaukee's rate went up and that affected the city's rate. Mr. Wojcehowicz observed that since 1994 wages and insurance have risen and he acknowledged that Milwaukee's rate increase would be one of the things the PSC would look at.

Moved by Ald. Bruderle-Baran, seconded by Ald. Jenkins to recommend approval of the Water Rate Case application with the Wisconsin Public Service Commission (PSC) – 7

2003 Consolidated Fee Schedule

Mr. Coffaro pointed out that the 2003 Consolidated Fee Schedule was discussed during the budget committee meetings. He said the fee schedule needs to be formally approved by the council in order to be implemented. The fees support the revenues that were projected for next year's budget.

Moved by Ald. Matthews, seconded by Ald. Casey to recommend approval of the 2003 Consolidated Fee Schedule – 7

Amendment to charter ordinance Section 20.13 limitations on bonds and notes (for introduction)

Mr. Wontorek said the proposal is to modify the ordinance that limits bonding to \$3.5 million per year and \$1 million for any one project. This proposal came from two committees: 1) the Citizens Advisory Capital

Improvements Committee and 2) the Board of Public Debt Commissioners. They recommended increasing the \$3.5 million annual limit to \$5.25 million and increasing the \$1 million per project limit to \$1.5 million. He pointed out that the ordinance seeks to remove the \$1 million restriction and would also discuss the bonding limit.

John Albert, 1922 N. 122nd Street, said he is on the Citizens Advisory Capital Improvement committee. He urged that committee to optimize property values in the city by addressing infrastructure issues. He said the city has fallen short on upkeep and needed to invest in the infrastructure. If higher spending on capital improvements is not approved, it will be detrimental.

Mike Moylan, 613 N. 70th Street, said he was also on the Citizens Advisory Capital Improvement committee. He said they looked at the bonding limit and the purchasing power of money as well as the projects before them. It all looked like the city was just trying to keep up. He said that as a group, everybody was in favor of the work being done. There was a concern regarding taxes; however, but they felt the city needed to make this investment. He said that if the city falls farther behind they would build up a backlog that would take much more money than taking care of these projects now. By delaying the cost of these projects, he said the burden would be shifted to future taxpayers. He supported the recommendation.

Charles Graupner, 2537 Pasadena, also from the Citizens Advisory Capital Improvement committee, echoed what the other two members said. He advised that the public works building roof repair be done all at once instead of splitting up the project over two years. He added that he thought the current limits were not appropriate.

Ald. Matthews agreed that the city shouldn't have to split a maintenance project over two years. She said she would vote to raise the limits to accomplish the completion of these projects. She added that she thought that the Hart Park project should go out to a referendum. She would not want to raise the bonding limit just for Hart Park. She hoped that a referendum regarding Hart Park would pass.

Ald. Stepaniak said his recommendation was to eliminate the individual project limitation. Mr. Wontorek reiterated that the Board of Public Debt Commissioners was not in favor of raising the annual bonding limit at this time, but they were in favor of removing the individual project limitation. He added that the commissioners indicated that they wanted to revisit the issue of raising the annual bonding limit in the spring during their next regular meeting.

Ald. Bruderle-Baran asked about the status of the public works building roof project if the individual project limitation were removed right now. Mr. Kappel said that while they couldn't do any work on the roof this year, they could complete the project in total next year without splitting it into two projects. He said that voting to remove the limitation would enable them to propose the projects they need to do in the spring.

Ald. Bruderle-Baran said that she would be in favor of eliminating the \$1 million dollar individual cap; however, the real discussion will be on the question of raising the \$3.5 million annual limit.

Moved by Ald. Bruderle-Baran, seconded by Ald. Matthews to recommend amending the ordinance by removing the \$1 million individual project cap --

In response to questions regarding the role of the Board of Public Debt Commissioners, Mr. Wontorek said they act in an advisory capacity to the council and the committee. Mr. Braier added that they are the guardians of the public debt and the amortization fund. Ald. Stepaniak asked about the reasoning behind the Board of Public Debt Commissioners wanting to wait until spring to discuss the annual bonding limit. Mr. Braier explained that at the time of their last meeting, the November elections had not happened and the city budget had not been passed. They were not in a position to make any recommendation.

Ald. Casey pointed out that the public works building is now more than forty years old and has not been re-roofed since it was built. He said he couldn't think of a better example of deferred maintenance. He expressed

his belief that the committee needed to move forward with raising the cap. He agreed that there needs to be a balance between taxes, maintenance issues, and property values. He expressed his concern about getting into deferred maintenance issues. He added that the Citizens Advisory Capital Improvement committee and the Board of Public Debt Commissioners function as a system of checks and balances for the committee and the council. He stressed the need to make a little more of an investment in the infrastructure for the future.

Mr. Kappel said he was heartened by the discussion on the issue. He said he would keep the roof bandaged until the spring and a couple of months would not make a difference. Ald. Bruderle-Baran indicated that she would like to revisit the issue of raising the annual bonding limit during the first quarterly review of the budget. Ald. Jenkins added his support for a review as well.

Ald. Stepaniak expressed his concern that the committee has been discussing the public works building roof project for the last two years. He asked about the history of requests for this repair and what the amount was for the original request to repair the roof. Mr. Kappel said that there have been numerous requests for repairs over the years. The first amount requested for this repair was \$80,000. Ald. Stepaniak said the bonding limit issue was about more than Hart Park. He said there is a delayed roof repair and delayed sewer system structure repairs as well. He indicated that maybe Hart Park should go to a referendum; however, discussion on these issues should happen before spring.

Mr. Kappel told the committee that he didn't think the roof was in great danger of collapse because the steel beams don't seem to be compromised, but there are multiple leaks. Ald. Casey urged that the bonding limit be addressed.

Ald. Matthews expressed her concern that interest payments on the bonding limit would affect the budget if action were taken now. She said she supported the need to take care of the infrastructure; however, they need to talk about whether the Hart Park project should go through capital improvement funding or to a referendum. She agreed that the city can't keep putting off maintenance, but she hesitated to raise the limit until the Hart Park issue is addressed separately.

Vote on the motion was, Ayes: 6, Noes: 0, Present: 1 (Grimm)

Implementation of the guidelines for the 2003 budget

Mr. Wontorek outlined the process of how they will achieve reductions in the budget. He said that any regular full time or part time position that becomes vacant during the hiring freeze will only be filled if: 1) the position is fully funded by state or federal grants, 2) the position is critical to the public health and safety of the community, or 3) the position performs essential core departmental functions. He added that individual departments would be able to look at their own operations and determine if they wanted to recommend departmental restructuring. He also pointed out procedures for filling an essential position and for addressing any cutback in services a vacancy may cause.

Ald. Casey said it was good to have the guidelines outlined in the memo. He expressed his concern that the hiring freeze would artificially restrict the ability of the City Administrator or department heads to respond to emergencies. Mr. Wontorek responded that in the case of an emergency, the staff would do what had to be done and then present a full report to the committee. Ald. Casey asked if there was a current policy for employees who want to take more time off than is allowed. Mr. Brown replied that there is no policy currently; however, if an employee did take extra time off it would be without pay. He indicated that those types of issues would be best handled at the operational level.

Ms. Mulroy asked that the committee consider an exemption from the hiring freeze procedures for high school students that work in the library doing shelving. She said they make approximately \$6.00 per hour. There is such a constant turnover in these positions that it would be very time consuming to have to get approval to replace shelvees every time there is a vacancy. She asked if the guidelines could identify a specific category for this position. Mr. Wontorek responded that the draft proposal included seasonal employees. He thought that the

shelvers would fall into that same category. He added thought it was a very reasonable exemption and he would not have a problem exempting those employees on the low end of the wage scale.

Moved by Ald. Bruderle-Baran, seconded by Ald. Matthews to recommend adoption of the guidelines for the 2003 budget – 7

Vouchers

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
L. Hudzinski	\$80.40	Assessor – 11/5-11/6/02 – Madison Assessment Technician certification exam
D. Redman	\$312.00	Fire – 11/6-11/8/02 – Sturgeon Bay WI Fire Chief's Fall Educational Conf.
M. Mulroy	\$80.00	Library – 10/30-10/31/02 – Middleton WI Library Assoc. Annual Conf.
G. Goller	\$80.00	Library – 10/30-11/1/02 – Middleton WI Library Assoc. Annual Conf.
S. Duffy	\$178.70	Library – 10/30-11/1/02 – Middleton WI Library Assoc. Annual Conf.
B. Weber	\$1,161.20	Police – 10/4-10/10/02 – Minneapolis, MN Inter. Assoc. Chiefs of Police 2002 Conf.
Ald. J. Krol, Ald. J. Ecks	\$250.00	Common Council – 10/23-10/25/02 – Middleton League of WI Municipalities Annual Mtg.
M. Meske	\$162.56	Health – 11/18-11/20/02 – Wausau WI Food Code Standardization & Risk Base Inspec. Food & Drink Administration
C. Mason, M. Schwaken, J. Wojcehowicz, W. Geiger	\$72.00	Water – 11/21/02 – Pewaukee Tri-County Waterworks Assoc.
Mayor Estness	\$171.78	Mayor – 11/21-11/22/02 – Appleton WI Alliance of Cities
J. Yauck	\$300.00	Police – 10/8-10/10/02 – Madison Midwest Conf. on Child Sexual Abuse

Moved by Ald. Casey, seconded by Ald. Grimm that the vouchers be allowed and paid – 7

The meeting adjourned at 7:36 p.m.

Carla A. Ledesma, City Clerk
City of Wauwatosa

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