

## CITY OF WAUWATOSA

MEMORIAL CIVIC CENTER  
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### BUDGET & FINANCE COMMITTEE MEETING

Tuesday, May 27, 2003  
Committee Room #2

PRESENT: Ald. Bruderle-Baran, Grimm, Jenkins, McCarthy, Stepaniak, Subotich (8:16 p.m.) – 6

EXCUSED: Ald. Casey, Matthews

ALSO PRESENT: T. Wontorek, City Admin.; A. Kesner, City Atty.; P. Coffaro, Asst. to Admin.; R. Braier, Finance Dir.; W. Kappel, Public Works Dir.; Chief D. Redman, Fire; Dep. Chief M. Carberry, Fire; J. Wojcehowicz, Water Supt.; J. Plass, Acctg. Mgr.; D. Stachowiak, Accountant II

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

#### **Report of independent auditors for the City of Wauwatosa and Wauwatosa Water Utility for the year ended December 31, 2002**

Mr. Braier said the city audit report was prepared in the new format according to the requirements of the Government Accounting Standards Board (GASB) Statement No. 34. The department had developed a three-year plan to implement the GASB 34 format. He pointed out that they have been able to present the report in the new format two years into the implementation plan and at a substantially reduced cost.

Don Villione, Virchow Krause Company, referred to the Executive Summary of 2002 Audit of City's Financial Statements. He presented the following points listed under Communications with the Council: 1) the financial statements in the auditor's report are presented fairly and according to the requirements of GASB 34, and 2) the audit went well. He complimented the finance department on their implementation of the new accounting regulations.

Mr. Villione described the following components of the report under the Financial statement highlights: 1) a two-year comparison of the city's net assets shows an increase in net assets compared to the prior year and stable unrestricted net assets, 2) a two-year comparison of operating results shows an increase in net assets, 3) a budgetary comparison of General Fund revenues and expenditures shows favorable results compared to the budget. The city used \$300,000 of the fund balance compared to the budget which estimated a \$2.4 million use of the fund balance, 4) the city's long term debt totals \$42.3 million. The city has the capacity to borrow an additional \$173 million on a general obligation basis, and 5) with regard to State of Wisconsin budget difficulties, the city has adequate fund equity to absorb the reduction or elimination of state funding that could occur in 2003 and/or 2004.

Mr. Villione said they had to make very few changes on the report that was done by Jean Plass, Accounting Manger and Deann Stachowiak, Accountant II. He said the management letter went very smoothly with no problems. It was well taken care of by the department staff. He concluded by saying that the report shows the city is in very strong financial condition with an AAA rating same as the previous year. The only weak point was the interest earnings and this was due to the drop in interest rates resulting from the condition of the stock market.

Ms. Plass explained the differences between the former reporting model and the changes required by GASB 34 pertaining to the various financial statements. The current model uses fund accounting which is meant to highlight fiscal accountability. The new reporting model is set up to show recording accountability and focuses

on economic resources. She also described the new terminology used in the report and how it differs from the old report.

Ms. Stachowiak said that GASB 34 requires that assets be recorded at historic cost. She explained that prior to January 2002, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB 34 governmental units are required to account for all capital assets, including infrastructure, in government-wide statements prospectively from the date of implementation. She said that retroactive reporting of all major general infrastructure assets is encouraged but not required until January, 2006. That is when GASB 34 requires the city to retroactively report all major general infrastructure assets acquired since January 1, 1980. For the year ended December 31, 2002, the city has retroactively reported all network infrastructure acquired by its governmental fund types. She described the reports pertaining to the city's capital assets. She explained that it was necessary to establish a minimum value for the assets and historical costs had to be accumulated. They also needed to calculate the book value for each asset.

Mr. Braier said the report took a long time to prepare due to the work it took to calculate the value of streets and sanitary and storm sewers. He said that as a result of the hard work done by Ms. Plass and Ms. Stachowiak, there are 12 municipalities that want to use this report as a model after it is approved by the Council.

Ald. Bruderle-Baran commended Mr. Braier, Ms. Plass and Ms. Stachowiak for all their hard work and how positively that reflects on the City of Wauwatosa.

Mr. Villione said that maintaining the city's AAA rating is critical in light of the condition of the state budget and the adversity the city could face because of state budget concerns.

Ald. McCarthy and Ald. Stepaniak both expressed their appreciation for the work that was done.

Moved by Ald. McCarthy, seconded by Ald. Jenkins to recommend accepting the report and placing it on file – 6

### **Acceptance of bid for stop loss insurance for the city's self-insured health plan**

Ms. Thomas said the city purchases aggregate stop loss and internal stop loss insurance for its self insurance plan. Stop loss insurance limits the city's financial liability for large claims. The cost of stop loss insurance is related to the risk the group represents, the plan structure and the level of protection sought. For the first time in several years the city has paid less than \$10,000 for individuals over the specific stop loss level. The result is they have received and considered several bids offering smaller cost increases and fewer lasers for named individuals. The term laser means the insurer requires a different specific stop loss level for named individuals. The city's specific stop loss level is \$75,000, but the stop loss carrier may laser an individual at \$200,000 because of their health history. The city would pay all of the individual's claims up to \$200,000 then the stop loss carrier would pay for everything else.

Ms. Thomas said that AIG is proposing a 16% increase which is the smallest they have seen in years. That increase includes maintaining the \$75,000 specific stop loss level and one laser at \$150,000 for a specific procedure. They may laser as many as three more individuals. The city would save about \$30,000 from the budget for health insurance administration. The maximum risk (at this time) is \$150,000. Peoples Benefit insurance is proposing an increase of 21% and the same laser as AIG. They may laser five more individuals. The difficulty is their cost for aggregate stop loss is about 80% higher than AIG. The city would save about \$20,000 from the budget for health insurance administration. The maximum risk (at this time) is also \$150,000.

Ms. Thomas said the AIG offer is a very good option for the city with a 16% increase. The city can keep the \$75,000 stop loss and AIG would laser one individual. She added that a bid came in that afternoon from Highmark Insurance, another reputable insurance company. They are offering a better rate and no lasers; however, they have added contingencies to the bid that make it unacceptable at this time. She recommended continued negotiations with Highmark and acceptance of their proposal if they can meet the city's needs without

going higher than the rate AIG is proposing. If Highmark goes to a higher rate, the department would accept the bid from AIG.

Mr. Kesner said that under the circumstances, Ms. Thomas' recommendation was acceptable. Ald. Stepaniak asked about the actual recommended cost for the proposals. Ms. Thomas responded that AIG's proposal is \$30,000 less than budgeted and Highmark's proposal is \$50,000 less.

Ald. McCarthy said that AIG is an A+ rated company. He asked about the rating for Highmark. Ms. Thomas responded that Highmark is also highly rated with a rating similar to AIG. She said the consultant advised that although AIG is the current carrier, it is also acceptable to contract with a good company that has no lasering. The consultant also said that such a proposal might be even better. Ald. McCarthy said he would not feel comfortable with accepting a last minute proposal. He expressed concern that by doing so, the city would have to pay more for insurance next year. Ms. Thomas said the deadline for the submitting bids was the day of the meeting so Highmark was not late in submitting their proposal. Ald. McCarthy requested that a copy of Highmark's proposal, along with their rating be given to the committee.

Ald. Stepaniak asked about holding a special Budget and Finance Committee hearing before the next Council meeting. Mr. Wontorek said that since the stop loss insurance coverage runs through May 31<sup>st</sup>, it would be advisable to take action at this meeting and give feedback to and discuss any revisions at the Council meeting.

Moved by Ald. Jenkins, seconded by Ald. Bruderle-Baran to recommend authorizing the Payroll and Benefits Manager to negotiate for stop loss insurance with the Highmark and AIG insurance companies and to accept the proposal that most benefits the city – 6

### **Increase in ambulance transport fees**

Chief Redman said the current ambulance transport fees have been in place for the past two years. The department met its budget reduction goal for 2003 through operational changes without considering the fee increase, but the rationale for adjusting rates remains valid. The city's ambulance fees are well below market for ambulance services in the surrounding communities. Due to changes in Medicare funding formulas the current resident fee is lower than normal Medicare payments. He said the proposal is an effort to address upcoming budget problems and to be competitive with other communities.

Chief Redman pointed out the listing for the EPI-Pen charge. EPI-pen injectors are used by emergency personnel for severe allergic reactions. He said they use very few of the injectors and they have an expiration date. He suggested that they could increase the charge for that item as well. He also felt it would be appropriate to look at raising the mileage rates at this time.

Ald. Bruderle-Baran noted that the table explains that the recommended increase in the resident rate impacts about 117 of 1,800 patients for 2003. She asked how the 117 would be impacted. Chief Redman responded that those 117 would be non-elderly people without insurance and would constitute 6% of the residents. Ald. Bruderle-Baran asked if the city could cooperate with other communities on the purchase of the EPI-Pens. Deputy Chief Carberry replied that he has researched the cost and found that the lowest price is offered by their current supplier.

Chief Redman said they would be interested in implementing the ambulance transport fee increase by July 1, 2003 so that it can be in place for the next budget year.

Ald. McCarthy commended the Fire Chief and his staff for bringing this forward and looking for new ways to bring in more revenues.

Moved by Ald. McCarthy, seconded by Ald. Bruderle-Baran to recommend approval of the increase in ambulance transport fees and implementation of the program effective July 1, 2003 – 6

**Extension to the existing contract for the West Suburban YMCA to provide senior programming at the Hart Park Senior Center**

Mr. Kappel said the current contract with the West Suburban YMCA contains provisions for two one-year extensions. The contract, which provides senior programming services at the Hart Park Senior Center, expires at the end of 2003. The resolution would be for the first of the one-year provisions and would extend to 2004. He said the Board of Parks and Forestry Commissioners recommended approval on a vote of 5-2.

James Kolbeck, 8202 Woodland Avenue, said he was opposed to the extension based on potential liability to Wauwatosa taxpayers. He said that Community Development Block Grant (CDBG) funds provide the funding for the senior center. He expressed concern that the city will have to cover the funding if CDBG funds are not available. He said the availability of CDBG funds is questionable because of the current budget climate. The goal should be to reduce taxpayer liability and not increase it. He asked to be able to see a budget detailing expenses for the senior center. He gave two suggestions: 1) cut the administrative fee in half and charge the YMCA rental, and 2) create a provision in the next contract that all aspects of the contract will be submitted to the Budget and Finance Committee. He asked that the committee defeat the proposal.

Richard Bachman, 2229 N. 115<sup>th</sup> Street, said that as a member of the Board of Parks and Forestry Commissioners, he could verify that the issue was thoroughly discussed at the board meeting. They could not get any other organization to take over the activities of the senior center and provide programming on the level of the YMCA. He said the board gets monthly cost estimates for the senior center and that the cost for expenses is a legitimate amount. He reiterated that there is no other group that could run the senior center programming as well for that price. He added that both Hart Park and the City Hall senior centers are trying to combine some programs.

Mr. Kappel said that some of Mr. Kolbeck's concerns are legitimate and if the city loses some CDBG funding, they would have to look at alternative funding. Another option would be to raise programming fees. He would not advocate raising fees unless there is a real need to do that. He said the Park Board provides oversight for the senior program. They are serving between 800 and 900 members of the community. He expressed agreement with Mr. Bachman. He said the competition for programming eroded away and they could not offer the same level of service until the YMCA began providing the programming. He said it is a wise decision to go forward with the one year option.

Mr. Kolbeck expressed concern regarding the administrative fee. Mr. Kappel said that the administrative costs are reasonable. He added that expenditures are submitted to the YMCA and then they go to the Park Board for recommendation to the Budget and Finance Committee.

Ald. Bruderle-Baran said the city has assumed the liability for the funding of the program if the CDBG funding is not available. She said that programming for the senior center is important not only for the seniors but for the whole city. She acknowledged Mr. Kolbeck's concerns, but she expressed her belief that the senior center program is worthwhile. She added that it is not likely that CDBG funding would be stopped.

Ald. McCarthy said there has been nothing but accolades for the program that the YMCA provides for the Hart Park Senior Center. Mr. Kappel added that there is a revenue component in that a membership fee is charged. A discussion continued regarding rental fees and who pays them at City Hall. Mr. Kappel cautioned that the rental question and the agreement extension were two different issues. He suggested referring the matter to the Senior Commission.

Moved by Ald. Bruderle-Baran, seconded by Ald. McCarthy to recommend approval of a one-year extension of the current agreement with the YMCA for the provision of senior programming at the Hart Park Senior Center for the year 2004 in an amount not to exceed \$160,000. The committee requests that the Senior Commission review the rental charge for the use of City Hall by the senior group – 6

**Citizen Survey report**

It was the consensus of the committee to hold this discussion until the next meeting.

Moved by Ald. McCarthy, seconded by Ald. Bruderle-Baran to hold the discussion of the Citizen Survey report until the next meeting – 6

**Claim of Laura B. Buege, 8206 Jackson Park Blvd.**

Mr. Kesner said that Ms. Buege had an accident on Harwood Avenue on April 8<sup>th</sup>. Her car ran over what looked to her like a broken city pipe in the middle of the road. Her assertion is that a city work crew left the pipe in the road. He said they reviewed city project records and determined that there was no work being done in that vicinity at that time. Ms. Buege said the pipe was gone when she went back to the site of the accident. Mr. Kesner said that if there was a work crew in the area it was not a city work crew. He recommended denial of the claim.

Moved by Ald. Jenkins, seconded by Ald. Grimm to recommend denial of the claim – 6

**Claim of Christopher Andrade, 5115 W. Lincoln Creek Drive, Milwaukee**

Mr. Kesner said that on March 13<sup>th</sup> Mr. Andrade’s car hit a sunken area of the road near a water hydrant in the westbound lane of W. Center Street. City work crews had been working in that area a week earlier and had finished their repairs and left. He recommended denial of the claim.

Moved by Ald. McCarthy, seconded by Ald. Jenkins to recommend denial of the claim – 6

**Vouchers**

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
M. Carberry	\$1,245.86	Fire – 5/4-5/8/03 – Las Vegas, NV Fire-Rescue-Medical Conference <b>NOTE:</b> Milw. County will be reimbursing for total cost of trip/conference
R. Sadowski	\$27.00	Police – 5/6-5/8/03 – West Bend Basic Breath Examiners Specialist Course
J. Reit	\$120.00	Police – 5/7/03 – Milwaukee Labor and Employment Law Symposium
J. Butterfield	\$26.82	Police – 5/6-5/8/03 – West Bend Basic Breath Examiners Specialist Course

<u>NAME</u>	<u>AMOUNT</u>	<u>FOR</u>
W. Tarman-Ramcheck	\$60.21	Publ. Works – 5/15/03 – Madison Gave Presentation at WI Chapter APWA Conf.
D. Redman	\$75.00	Fire – varies monthly – var. loc. Milw. Cty. Monthly mtgs. Jan.-May Milw. Cty Fire Chiefs
S. Kirby	\$42.72	Police – 5/12-5/16/03 – West Bend PD DEF-TEC Munitions Class
W. Gehrking	\$464.20	Police – 4/27-4/30/03 – Lincoln, NB Mid-States Tech. Investigators Training Sem.
C. Anderson	\$147.05	Health – 5/12-5/14/03 – Madison Statewide Tobacco Control Conference

Moved by Ald. McCarthy, seconded by Ald. Grimm that the vouchers  
be allowed and paid – 6

The meeting adjourned at 9:35 p.m.

Carla A. Ledesma, City Clerk  
City of Wauwatosa

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