



City of West Allis

7525 W. Greenfield Ave.
West Allis, WI 53214

Meeting Minutes

Administration & Finance Committee

Alderman Kurt E. Kopplin, Chair

Alderman Vincent Vitale, Vice-Chair

Aldermen: Thomas G. Lajsic, Richard F. Narlock, Rosalie L. Reinke

Tuesday, May 26, 2009

5:30 PM

West Allis City Hall Room 128

SPECIAL MEETING

A. CALL TO ORDER

Chair Kopplin called the meeting to order at 5:30 p.m.

B. ROLL CALL

Present: 5 - Ald. Kopplin, Ald. Vitale, Ald. Lajsic, Ald. Narlock and Ald. Reinke

Excused: 0

Others Attending

Mayor Devine; Aids. Czaplowski, Roadt, Weigel; Linda Mont, Key Benefit Concepts; Kevin & Rex Key and Cody Schumitich, Troop 53 BSA; Paul M. Ziehler, City Administrative Officer; Steve Hook, Fire Chief; Terry Brandenburg, Health Commissioner; Mike Koszalka, Library Director; Gary Schmid, Manager of Finance; Audrey Key, HR Manager; Sheryl Kuhary, Assistant City Attorney; Jeanette Wardinski, Administrative Assistant.

D. APPROVAL OF MINUTES

A motion was made by Ald. Lajsic, seconded by Ald. Reinke, to approve the following minutes:

Special Meeting Minutes: 12/2/08

Special Meeting Closed Session Minutes: 3/3/09

Recess Meeting Closed Session Minutes: 12/16/08, 2/17/09

Recess Meeting Minutes: 12/2/08, 12/16/08, 1/6/09, 1/20/09, 3/3/09, 3/27/09, 3/3/09, 3/17/09, 4/7/09, 4/21/09, 5/5/09, 5/19/09. The motion carried unanimously.

E. NEW AND PREVIOUS MATTERS

Previous Matters for Consideration

- [R-2009-0071](#) Resolution approving refinancing terms of the Economic Development Loan with Rokamco Distributing, Inc. located at 5420 W. Electric Ave.

Sponsor(s): Vincent Vitale

Mr. Ziehler reported for Patrick Schloss that a refinancing package for this company is not working out, so something else, possibly involving legal solutions, will have to be done. Therefore, this resolution is no longer needed.

A motion was made by Ald. Lajsic, seconded by Ald. Vitale, that this matter be Recommended to be Placed on File. The motion carried by the following vote:

Votes: Aye: 5 - Ald. Kopplin, Ald. Vitale, Ald. Lajsic, Ald. Narlock and Ald. Reinke

No: 0

F. OTHER MATTERS TO COME BEFORE THE COMMITTEE FOR DISCUSSION/ACTION**1. Discussion/Action on Items by Alderpersons.**

None.

2. Discussion/Action on Items by City Administrative Officer.**a. Report on Finance Factors Affecting 2009 Budget.**

Mr. Ziehler passed around a handout concerning Agenda Item F.2.a. and b. He said that as the economy has continued to decline, he and Mr. Schmid have been talking about how that will affect the City's current budget. He referred to page one of the handout dealing with finance factors affecting the 2009 budget and spent considerable time explaining the current budget situation and estimated \$1 Mil revenue shortfall. This is mainly due to falling interest rates and estimated shortfall in licenses and permit fees due to less building activity. At this time, no major problems are anticipated with expenditures and they appear to be on target. State shared revenue and ERP is also on target for this year. Because we budget conservatively, our anticipated year end budget position will generally be even. Staff is recommending four strategies to manage the 2009 budget. Ald. Lajsic asked how Mr. Ziehler envisions a more critical review of all vacant positions to work. Mr. Ziehler explained a two-fold approach which includes Dept. Heads deciding not to fill vacancies, if possible, and rather than relying on our five-day memo procedure for aldermanic approval to fill a vacancy, that each request be individually discussed by the Committee. Ald. Lajsic thinks the Council should take a lead role by stating that positions will not be filled unless there are extenuating circumstances, requiring the Dept. Head to come before the Committee to explain those situations. Basically, he is suggesting a hiring freeze. Mr. Ziehler said if the Committee wants to do this and the Council gives staff direction to do so, then this message needs to be conveyed to all departments and the Police & Fire Commission. He noted, however, that this critical review was suggested instead of a hiring freeze because we are not quite at the stage where we need to do more than this at this time. Ald. Narlock asked about a time limit on a freeze, especially in light of the prediction of retirements over the next 5 years. Mr. Ziehler said he would like the Committee to hear more about succession planning and discussion on the 2010 budget before making a decision on this issue right now. However, if we did institute a hiring freeze, he recommends doing so at least until the next budget process is concluded. Some discussion also ensued on strategy concerning no intra-departmental account transfers for new/other purposes. Mr. Ziehler explained the flip side of this is that it is a way to accomplish certain things that otherwise wouldn't get done; for example, when the Library purchased new carpeting using excess funds from not filling certain vacant positions. This strategy would eliminate that ability. He also suggested that unnecessary spending be delayed and that year end carryovers be limited.

b. Revenue and Expenditure Challenges for 2010 Budget.

Referring to the handout item, Mr. Ziehler then reviewed the revenue and expenditure challenges for the 2010 budget, touching on the estimated revenue decreases and estimated expenditure increases and what factors affect those categories. The resulting effect of these estimated potentials is a \$2.5 Mil budget hole that would have to be addressed, most likely with a levy increase and spending decrease. Additionally, the Governor has proposed a 3% tax levy limit in the new State budget. Ald. Narlock asked when was the last time we looked at building inspection fees. Mr. Schmid responded that Mr. Atkinson reviews these yearly and has done a good job keeping them current and applicable. Ald. Vitale questioned the pension increase. Mr. Ziehler explained that the WRS losses affect our employees/retirees, but they also affect employers with increased contribution rates. Mr. Ziehler then went on to discuss the

State Expenditure Restraint Program (ERP) and how that will also impact the 2010 budget.

Before discussion continued on strategies for managing the 2010 budget, the Committee took the following vote to recess the meeting until after the Special Council meeting.

A motion was made by Ald. Narlock, seconded by Ald. Reinke, to recess the Administration & Finance Committee meeting at 6:12 p.m. until after the Special Council Meeting is concluded. The motion carried by the following vote:

Votes: Aye: 5 - Ald. Kopplin, Ald. Vitale, Ald. Lajsic, Ald. Narlock and Ald. Reinke
No: 0

Chair Kopplin called the meeting back to order at 6:26 p.m. and the following roll call was taken:

Present: 5 - Ald. Kopplin, Ald. Vitale, Ald. Lajsic, Ald. Narlock and Ald. Reinke
Excused: 0

A motion was made by Ald. Vitale, seconded by Ald. Narlock, to move the Administration & Finance Committee meeting to the Council Chambers. The motion carried by the following vote:

Votes: Aye: 5 - Ald. Kopplin, Ald. Vitale, Ald. Lajsic, Ald. Narlock and Ald. Reinke
No: 0

Once reassembled in the Council Chambers, at approximately 6:26 p.m., the Administration & Finance Committee was convened in open session to consider its public agenda.

F. OTHER MATTERS TO COME BEFORE THE COMMITTEE FOR DISCUSSION/ACTION

2. Discussion/Action on Items by City Administrative Officer.

- c. Presentation by Linda Mont of Key Benefits Consulting - Actuarial Valuation Report on Other Post Employment Benefits (OPEB) expense and related liabilities for the City of West Allis.

Chair Kopplin introduced this matter and indicated Ms. Mont of Key Benefits Consulting would address the Committee concerning this topic. Ms. Mont referred to the Committee's handout package and indicated she would hit the highlights of Key Benefits' report. This report is an Accounting and Sample Funding of Liabilities for the City's Post Employment Benefits (OPEB) as of January 1, 2008. She explained that basically the City has moved from a cash to accrual accounting basis and OPEB is the last item still done on a cash basis. This means that this obligation has been showing on the City's financials as what amount we will pay out. GASB45 requires this be changed over to an accrual basis. They have looked at actives and retirees and determined how much they have earned so far; from there, it is then determined what expense needs to be shown on the financials as of 12/31/08. Ms. Mont continued her review responding to questions/comments from Committee and staff. She also mentioned that the study needs to be updated every two years. The total current liability for the City is \$128,614,356 and on a present value basis, it is \$179,853,786.

Ms. Mont then referred to the Management Addendum to the report and explained what this document is about. She pointed out the magnitude of the City's obligation shown on page 1 and explained the options for addressing OPEB liabilities, as shown on page 2. She explained that most communities in the state, like West Allis, are looking at defined benefits vs. defined contributions. Ald. Vitale asked about the option of reducing the level of medical benefit coverage and what that means. Brief discussion ensued on this issue.

Staff explained that this matter was for information only at this time and no action is required. There being no further questions for Ms. Mont, the Committee thanked her for her appearance.

b. Revenue and Expenditure Challenges for 2010 Budget.

The Committee returned to discussion on the 2010 budget challenges, and Mr. Ziehler referred to page 3 of the handout which addresses strategies to manage the 2010 budget. The first bullet suggests the Alderpersons review programs/services similar to a ranking survey done 3 years ago, although this time perhaps adjusting the scale to a 1-5 ranking rather than the original 1/2/3 scoring previously used. Ald. Kopplin said it would be helpful to know how much cost is associated with a service that could potentially be eliminated, e.g., if we eliminate alley lighting, how much would we save? Ald. Narlock felt a review/ranking process would most likely yield the same results as the majority of alderpersons who served 3 years ago are still in office, so he doesn't feel we need to go through the process again. Ald. Lajsic reminded the members that this Committee does not set the budget, the Mayor does. His other thought is how do we continue to provide a service, what other options are there? Mr. Ziehler said if the Council has strong feelings about services and we have these ideas ahead of time, it is much easier to deal with it during the budget process. Ald. Reinke agrees that the Alderpersons along with the Dept. Heads need to come up with valid/concrete ideas so they can be discussed during the budget process. Ald. Narlock thinks it's premature to talk about what to give up now, but wait until we have more budget figures to show us where we are at before those types of decisions are made.

Mr. Ziehler then referred to the second bullet about the questions departments were asked to consider as they start working on their 2010 budgets. Ald. Lajsic said he hopes it was presented to Dept. Heads as a mandate to come up with ideas and not a suggestion. Mr. Ziehler said it was a suggestion, and Ald. Lajsic felt it should be a mandate. He went on further stating this is a difficult year that will require many things to solve the problem, such as belt tightening, different ways of doing things, etc. Mr. Ziehler said Ald. Lajsic touches on those types of brainstorming ideas listed under the third bullet. As the listing was reviewed, Mr. Ziehler said this would be an appropriate time to go into closed session to discuss those issues that are related to collective bargaining with the unions.

In closing, Mr. Schmid said he wanted to assure the Committee that the City is on solid ground, and we have a good fund balance. He doesn't want to leave the impression that is not the case.

C. CLOSED SESSION

At 7:17 p.m., Chairperson Kopplin stated it was the intention of the Committee to vote on a motion to convene in closed session to discuss collective bargaining matters with all unions, and to take such further action as may be necessary and appropriate with respect to such matter.

A closed session for the above purpose is authorized pursuant to the provisions of Wis. Stats. Section 19.85(1)(e) and (g), which authorizes a governmental body, upon motion duly made and carried, to meet in closed session to deliberate or negotiate the purchase of public properties and the investment of public funds, or conduct other specified public business whenever competitive or bargaining reasons require a closed session; and to confer with legal counsel for the governing body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved.

A motion was made by Ald. Narlock, seconded by Ald. Lajsic, to convene in closed session at 7:17 p.m. The motion carried by the following vote:

Votes: Aye: 5 - Ald. Kopplin, Ald. Vitale, Ald. Lajsic, Ald. Narlock and Ald. Reinke
No: 0

Mr. Ziehler explained the closed session particularly relates to the employee related strategy listed in his handout tonight for managing the 2010 budget. These suggestions have

bargaining implications and he wanted to touch base with the Committee on his ideas and suggestion for a meeting with union leaders to discuss the 2010 budget challenges, provide information, and ask for their input. Discussion ensued with questions and comments from Committee members which staff responded to. Staff presented several ideas on how to proceed with this suggested meeting, and the Committee concurred with proceeding in this direction.

Upon conclusion of the closed session, at approximately 7:38 p.m., the Administration & Finance Committee reconvened in open session at said time and place to consider its public agenda.

d. Discussion of Succession Planning.

Ms. Key, HR Manager, appeared before the Committee to discuss the issue of succession planning. She commented that 50% of our City workforce will be eligible to retire within five years, which means 250 employees could leave City employment. She noted that top management is particularly impacted in this scenario, and added to that is the issue of residency. She referred to the emails she has sent out concerning this topic and which were included in the handout package. Departments will need to consider different ways of doing things, and workflow analysis is one aspect of addressing staffing needs. Ald. Kopplin stated that we need to be proactive and not reactive when it comes to this issue. There being no questions or further comments, Chair Kopplin thanked Ms. Key for her comments and asked her to keep the Committee informed.

e. Other Staff Reports.

1.) 2008 Workers' Compensation Costs.

Mr. Ziehler reviewed the workers' compensation information with the Committee. He noted that 2006 was especially high due to the accident involving our two Public Works employees. Ald. Lajsic noted that 2000 only had 39 claims and every year since then they have gone up and stayed up. He wondered what the history was prior to 2000 and reason for the higher claim level. Mr. Ziehler said he wasn't sure but would find out. This was for information purposes only.

2.) 2008 Liability Costs.

Mr. Ziehler briefly reviewed the liability reports noting that some of the higher years relate to the larger incidents that occurred, such as the street sweeper accident, etc. Many of these issues involve Public Works street accidents and Police excessive force or civil rights violations claims. This was provided for information purposes only.

3.) Health Insurance Provider Network Changeover.

Mr. Ziehler noted that the City will convert to a "Point of Service" network offered by Humana in place of the Choicecare network. This will result in a \$200,000+ cost savings to the City. Mr. Schmid mentioned that this matter was taken to the City's Health Insurance Committee. This is for informational purposes.

4.) Update on Identity Theft/Red Flag Policy.

Mr. Ziehler wanted to be sure there were no further questions/comments concerning this new policy. We rushed to get this done to meet the Federal government's May 1 deadline and have since learned they have pushed it back to August 1. The Committee had nothing further to discuss.

5.) Update on other HR, Finance, IT, Purchasing & Other Administrative Matters.

Mr. Ziehler said this was a "catch-all" item to report on anything involving these areas, if needed.

Mr. Schmid reported that a health insurance audit of dependents was recently conducted. This was done to help with cost savings by trying to clear up any misaligned coverage. He also mentioned that we are instituting more online payment features for parking permit purchase and water bill payments, and hopefully online payment of special assessment bills. Mr. Ziehler noted that at a future Committee meeting, he would like to have our IT Manager, Jim Jandovitz, present an update on some of the new things being done in IT.

3. Other.

Mr. Ziehler introduced Jesse Doerner, a UWM graduate student, who is our new Administrative Intern. He is mainly working with Mr. Schmid on finance matters and helping out in other administrative ways.

G. ADJOURNMENT

A motion was made by Ald. Narlock, seconded by Ald. Vitale, to adjourn the meeting at 7:52 p.m. The motion carried unanimously.