



Meeting Minutes

Administration & Finance Committee

Aldersperson Kevin Haass, Chair

Aldersperson Martin J. Weigel, Vice-Chair

Alderspersons: Michael J. Czaplewski, Michael P. May, Daniel J. Roadt

Monday, October 24, 2016

6:08 PM

City Hall Room 128

REGULAR MEETING (draft minutes)

A. CALL TO ORDER

Chair Haass called the meeting to order at 6:08 p.m.

B. ROLL CALL

Present 5 - Ald. Haass, Ald. Weigel, Ald. Czaplewski, Ald. May, and Ald. Roadt

Others Attending

Peggy Steeno; Mayor Devine; Alderspersons Lajsic and Reinke; Rebecca Grill, City Administrator; Kris Moen, Interim Finance Director; Fire Chief Steve Bane; Assistant Fire Chiefs Kurt Zellmann and Jay Scharfenberg; Mike Lewis, Director of Public Works/City Engineer; Ed Lisinski, Director of BINS; Sally Nusslock, Health Commissioner; Monica Schultz, City Clerk; Jim Jandovitz, IT Director; Gale Jender, Development Dept.; Jeanette Wardinski, Recording Secretary.

C. APPROVAL OF MINUTES

1. [2016-0636](#) Minutes (draft) September 12, 2016, September 20, 2016, October 4, 2016, October 18, 2016.

A motion was made by Ald. Weigel, seconded by Ald. May, that this matter was Approved. The motion carried by the following vote:

Aye: 5 - Ald. Haass, Ald. Weigel, Ald. Czaplewski, Ald. May, and Ald. Roadt

No: 0

D. NEW AND PREVIOUS MATTERS

1. [2016-0602](#) 2017 City of West Allis Mayor's Recommended Budget.

Chair Haass introduced this item, and Mayor Devine was present to open discussion on the budget presentation. Mayor Devine commented that not a lot has changed. New development has offered a slight level of comfort, yet costs are going up. Ideas were presented of things we'd like to do but we don't have the funding to do them, so operations have been scrutinized by looking at what we do and how we do it. He said details will be presented in the budget overview by Ms. Grill and Ms. Moen.

Ms. Grill explained that by aid of their PowerPoint presentation, she and Ms. Moen are presenting a high level overview of the budget and action plan. Printed copies of the presentation were provided and this item is also attached to the legislative file. Discussion and additional comments were offered during the presentation beginning with Challenges, which include ERP, Levy Limits, Personnel Costs, Staffing, Growing Capital Needs, and Other Challenges, such as increasingly complex societal problems,

neighborhood blight and code enforcement issues, etc. Important points noted:

ERP - The 2017 budget proposal assumes a 1% allowable increase, or approximately \$589,000. Final figures are due from the State in the next week.

Levy Limits - In 2017, the levy limit is .659% (approximately \$252,000). Repayment of debt is outside these limits.

Personnel Costs are 85% of general fund budgeted expenses. Our OPEB liability (retirees account for this) is \$158 million.

Staffing and positions funded by other sources - when these people retire, they are funded in the general fund budget. Total positions and general fund positions have decreased since 2000.

Growing Capital Needs for roads, sewers, water, facilities maintenance, and vehicle replacement. Levy limits and ERP limit our ability to fund these, leading to debt financing.

The Overall Budget Strategy is to analyze, allocate, and align. Budget Highlights were reviewed, including sustainability (priority based budgeting will help identify which services we should be funding), quality of life and safety, funding adjustments, and capital budget. Key points highlighted by Ms. Moen:

Funding Adjustments - The reallocation of claims/judgments/outside counsel costs to the City Attorney accounts allows for active monitoring of these issues. The cable franchise fee used to go to the general fund will now fund the Communications Dept, and general funding of newsletter costs will now be aligned with Communications Dept. With limited funding of approx. \$600,000 in DPW budget for equipment replacement, we will rely on the contingency fund or borrowing for equipment failures. A 1.8% COLA increase in 2016 will be in place for 2017, and the ~\$300,000 saved for the compensation study will be used for any wage adjustments needed as a result of that study.

Capital Budget - Includes five (5) Capital Projects funds to allow for better tracking and accountability. The budget continues to include strategic use of reserves for one-time capital needs, which is an alternative to debt financing or deferring maintenance. Some time was spent explaining the capital projects, including open space and parks (\$250,000 funding with priorities to be evaluated and funded from reserves); facilities (repair, maintenance, replacement) are funded from reserves and our needs exceed the \$600,000 budgeted amount. Capital equipment requests for DPW and Fire were outlined, and it was noted that debt financing for replacement fire equipment will be required, which is a departure from our current practice and is an important polity decision.

Ms. Grill then reviewed the budget fact sheet which shows the 1.02% increase in total general fund expenditures, .44% increase in assessed value, 2.24% increase in the total tax rate from \$10.81 in 2016 to \$11.01 in 2017, and that taxes on a \$150K home will increase by \$30 or 1.85%. Significant changes were noted in budget expenditures for City Attorney, Administration, Promotion/Celebrations/Awards and Police/Fire Commission budgets. Proposed city utility rates reflect a 8.08% increase. Municipal comparisons were also reviewed and figures presented are based on population, and a breakdown shows what \$1,651.50 in city taxes (based on \$150K home) support, which aligns to the number of employees in those areas. Again, personnel is 85% of our budget. The final summary page was reviewed at the conclusion of the presentation.

At this point, Committee members outlined the topics/issues they would like to cover,

including debt, wheel tax, parks, BINS renaming, city hall lobby remodel, tourism, health insurance, and our priorities. Ald. Haass commented that our budget is not sustainable. We are focusing on 2017, but we need to also look ahead. Mayor Devine also commented that in regard to a wheel tax, Milwaukee County is already proposing this, so ours would be on top of that. The remainder of the discussion focused on the following:

Debt. Ald. Weigel asked about the city's debt limit and how we compare to other communities. Ms. Moen said our debt limit is very low and confirmed his understanding that we are not even close to our limit; many other communities have much higher debt limits. Anything we spend on debt is outside the ERP and levy limit. It's the only option we have to fund. We can raise our levy to pay it back because it is outside those two restrictions. Ald. May said every year we pay \$4 mil. to pay back our borrowed \$2.75 mil. and he doesn't feel this is a sustainable way to do business. We are being squeezed, depleting funds, and this borrowing is the result. Ms. Moen said the loop hole around the ERP and levy limit is to borrow for one year; then we are not paying the interest costs over a period of time, but the issue is we are raising the levy for that one year. Ald. May said he has an issue with our debt plan and we cannot continue to provide the level of service we are providing. Mayor Devine said that becomes the question--what will we or will we not continue to provide. Ald. May agrees it's coming to a service change. Ms. Moen commented on finding capacity in the general fund to fund debt, and we have to be willing to raise the tax rate to fund things or use other options like the wheel tax. Ald. Weigel said he does not have a problem with borrowing for capital improvements, especially at the low interest rates that are still available. Further discussion ensued on debt related to street repair/replacement and the suggestion about raising assessments on street work that residents pay. Ald. May asked staff to find out what other cities charge for street work assessments.

Parks. Ald. Weigel expressed his concern about having funding for only one year for the park rehab work, which resulted from the insurance survey. Mr. Lewis said park work is not done and just the critical ones were addressed; there is more to do. Ms. Grill commented on a parks plan to cover approx. ten years, and Ms. Moen said we do not have an ongoing funding source for parks. Mayor Devine suggested that a park commission may be something to consider with the joint efforts between the Rec Dept. and city with usage of parks and park buildings. The School District provides programming in the parks and their fees cover the staff providing it. Ald. Haass said he does not want to see us charging the Rec for using our facilities.

BINS Changes. Ald. Haass noted Mr. Lisinski's suggestion to rename BINS the Dept. of Building Safety, and he asked about the Mayor's vision of BINS changes. Mayor Devine spoke about the monthly meetings held on blight issues and how these property issues are referred to many different offices. We are trying to get a handle on this process and looking at what other cities are doing. Mr. Lisinski discussed streamlining the process and creating a position that would oversee the whole process. Mr. Devine clarified that each department still does the work, but the management/oversight of the issues would be with one person. Ald. Haass asked if this is what is in the budget to study, and Mr. Lisinski said yes. Ald. May said the budget uses different names for the Dept and it is unclear what the Dept. focus is. Mr. Lisinski said he wants the Dept. name to focus on the safety mission/goals of the Dept and not the negativity of

enforcement. Ald. May suggested keeping the BINS name for now as we continue to look at the potential changes to the Dept. and also from spending money on a name change before we are ready. Ald. Haass agrees that we should wait for staff to bring more information back on this, and the Committee concurred.

City Hall Lobby Remodel. Ms. Grill noted there is a \$60K carryover for this work, which will include replacing the display boards with electronic devices and kiosks for self service along with updating committee rooms and creating a shared administrative service area. At this time, she recommends we continue to study this project over the next year, maintain the project in the budget, and when we are ready to move ahead the monies are available.

Tourism Funding. Mayor Devine noted that by state law, 70% of hotel room tax has to go toward tourism promotion and development in a community or the money reverts back to the State. We will use the money for marketing the city through radio and print media and creating a web site. Ms. Grill added that we have no choice on this, and 30% of the tax goes to the general fund and 70% spent on tourism as the Mayor explained. Ald. Weigel asked if most other communities are maxed out on their room tax, and Ms. Grill said we will look into this. He also talked about the resort tax (like the Dells or Bayfield uses) and wonders if we can do this with the State Fair Park. Ms. Grill noted that we are only getting a small portion of what we should be getting for municipal services provided to the Park, so this is questionable. Ald. Weigel thinks we should be looking at this.

Health Insurance. Ald. Czaplewski thinks we need to look at having our employees pay more in health insurance premiums and he asked if we are looking at this. Ms. Grill said we are waiting to get information on this from Willis, but that increased deductibles is another possibility. We have very low deductibles, and by raising these, we can keep premiums down. Staff can come back with different options. Ms. Moen said we were also able to save money by going to the different network. From a budget aspect, it wasn't a cost driver at this point. Ald. May pointed out we are waiting for results from the compensation study before we can address this topic, and Ms. Grill talked about the history of higher pay vs. higher benefits with public employees. Ald. Czaplewski said he is not proposing it for this year, but we need to start looking into it. Ms. Grill additionally commented that we need a 3-5 year plan for employees to adjust to increases. This shouldn't be done just at budget time but looked at throughout the year. We need to come up with a long term plan and have regular discussions on it. Ald. May said these are the types of long-term planning projects we should be looking at.

There was additional discussion on miscellaneous items:

Attorney Budget. Ms. Moen advised the Committee that the City Attorney is concerned about the claims/judgments funds being moved into his budget. Previously, they were budgeted in the general fund category. The main reason for moving the funds is that the Attorney's Office is responsible for managing claims/judgments and it makes sense for them to also monitor the money involved in this oversight. Ms. Grill said there is already someone in the office doing this, so it's just a matter of redirecting the funding to that budget. The Committee agreed with this change.

Report on Efficiencies/Lean Ideas. Ald. May asked for a list of staff ideas for improved efficiencies and ideas generated during lean training. Along with that, he is looking for a report on the budgeting process that includes a department's original request, any deletions, and the end result. Ms. Moen said this was handled differently this year. When changes were made, the Mayor met with the Department to explain the change and these are reflected in the changes/deletions column in the expenditure portion of the budget.

DNR Grant for Lead Lines. Ald. May asked about the \$5K DNR grant for replacing lead lateral lines to homes. Mr. Lewis said this program is going to grow as the State is dictating this work. Ald. May said this is a future budget concern and he would like to have this issue come to the Administration & Finance Committee for more discussion.

Ald. May then asked when our next reassessment will be, and Ms. Grill said in 2018. Ms. Grill also passed out an updated capital improvement list provided by Mr. Lewis with their immediate needs. As explained earlier, there is \$600K budgeted for Public Works capital needs. She commented that perhaps carryover requests that come before the Committee can be used for capital projects.

Lastly, the Committee discussed how to proceed with budget review. Ms. Moen said we are still waiting for final ERP numbers from the State before the budget can be adopted on November 15; she anticipates receiving that information in the next week. The budget public hearing is scheduled for November 1. Ms. Grill inquired whether the Committee needs to meet with any departments. No requests were made at this time, and the Committee agreed to meet at its regular meeting on November 7 for further budget discussion/review, as needed.

This matter was Held

Chair Haass called for a five minute break. Upon return at 7:45 p.m., the Committee took the following action to move into Closed Session.

E. CLOSED SESSION

At 7:45 p.m., Chairperson Haass stated it was the intention of the Committee to vote on a motion to convene in closed session to interview Peggy Steeno as candidate for the Finance Director/Comptroller/Treasurer position, to deliberate the proposed appointment of Peggy Steeno as Finance Director/Comptroller/Treasurer, and to take such further action as may be necessary and appropriate with respect to such matters.

A closed session for the above purposes is authorized pursuant to the provisions of Wis. Stats. Section 19.85(1)(c), (e), and (f), which authorizes a governmental body, upon motion duly made and carried, to meet in closed session to consider employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility; 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 consider financial, medical, social or personal histories or disciplinary data of specific persons, preliminary consideration of specific personnel problems or the investigation of charges against specific persons except where par. (b) applies which, if discussed in public, would be likely to have a

substantial adverse effect upon the reputation of any person referred to in such histories or data, or involved in such problems or investigations.

Interview of Finance Director/Comptroller/Treasurer candidate was conducted. The Committee then commenced deliberations of the proposed appointment of Peggy Steeno as Finance Director/Comptroller/Treasurer. It was the unanimous consensus of the Committee to recommend confirmation contingent upon her successful passing/completion of the reference check and drug screen to be conducted by the Human Resources Department.

Upon conclusion of the closed session, at approximately 8:35 p.m., the Administration & Finance Committee reconvened in open session at said time and place to consider its public agenda, including motions to recommend approval or rejection of above-listed deliberations or any of the public agenda items that have not been acted upon.

D. NEW AND PREVIOUS MATTERS

2. [2016-0621](#) Communication from City Administrator recommending the appointment of Ms. Peggy Steeno for the position of Finance Director/Comptroller/Treasurer.

A motion was made by Ald. May, seconded by Ald. Weigel, that this matter was Recommended For Approval. The motion carried by the following vote:

Aye: 5 - Ald. Haass, Ald. Weigel, Ald. Czaplewski, Ald. May, and Ald. Roadt

No: 0

3. [R-2015-0143](#) Resolution relative to deleting and reissuing City of West Allis Policies & Procedures Manual No. 404, Recruitment, Selection, Appointment and Confirmation for City Officials and Department Heads, under Mayor.

Sponsors: Administration & Finance Committee

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

Aye: 5 - Ald. Haass, Ald. Weigel, Ald. Czaplewski, Ald. May, and Ald. Roadt

No: 0

4. [R-2015-0144](#) Resolution relative to amending the City of West Allis Policies & Procedures Manual No. 405, Disciplinary Action for City Officials and Department Heads Appointed by the Mayor and Confirmed by the Common Council, under Mayor.

Sponsors: Administration & Finance Committee

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

Aye: 5 - Ald. Haass, Ald. Weigel, Ald. Czaplewski, Ald. May, and Ald. Roadt

No: 0

F. CITY ADMINISTRATOR REPORT

1. Status of Strategic Planning Process.

City Administrator (CA) Grill advised the Committee that the final two meetings of the Strategic Planning Committee are being held on October 25 and November 11 from 9-11 a.m. in the Art Gallery. All are encouraged to attend, especially the November 11 meeting where the goals will be set.

2. Discussion regarding the Mayor/City Administrator Office Remodel.

CA Grill explained that in 2015 there was \$50K carried over to remodel the Mayor/CA Office (money was from unspent salary funds in 2014 due to CA vacancy). Initial work had commenced in 2015 with expenditures of about \$10K, and remaining funding was carried over again in 2016. Final cost of project was \$46,606.

Ald. Czaplewski explained he had requested that this item be scheduled because he hadn't heard anything about it and wanted transparency for projects. Discussion ensued regarding scheduling of similar projects and capital projects. The Committee directed staff to prepare status reports of projects, especially capital projects. The capital project report can initially be reviewed by the Capital Improvement Committee and then the Administration and Finance and Public Works Committees.

G. FINANCE DIRECTOR REPORT

1. Discussion regarding Changes in the Expenditure Restraint Program.

Interim Finance Director Kris Moen explained the changes to the expenditure restraint program, including the following:

- *Annual Revenue Payment from the State Department of Revenue (DOR) to municipalities that limit their growth in budgeted expenditures from year to year.*
- *\$1.5 million per year for West Allis.*
- *Allowable increase is based on growth in your community plus an adjustment for inflation.*
- *The proposed budget assumed an allowable increase of 1% (\$58 million general fund expenditure total x 1% = approx. \$580,000).*
- *ERP limit has always been based on General Fund expenditures.*
- *For 2017, Department of Revenue expanded its interpretation of the Expenditure Restraint Program:*
 - o *Now includes all city funds that receive a tax levy, not just the General Fund.*
 - § *For West Allis, that includes our Health Insurance Fund and Parking Utility.*
 - § *Some municipalities over the years may have created other funds as a means to avoid the ERP limit (West Allis didn't).*
 - o *Also, budget amendments are part of total spending so should be included under the limit (we typically amend the city budget to spend reserves).*
- *Impact on West Allis:*
 - o *Use of reserves to fund one-time projects--minor changes to how we handle this...they need to be part of the budget and are better if they are included in a capital project fund because those funds don't have a tax levy component.*

- o Ability to restate the ERP worksheet filed with DOR for the last two years (2015 and 2016) with no penalty. We will do this.*
- o Because of our strategic use of reserve funding for capital projects, this actually increases our “base” for the last two years which will allow for flexibility under the limit that may not have otherwise been available had we not been doing those types of projects over the last few years.*

2. Discussion regarding Expansion of the City's Procurement Card (P-Card) Program.

Kris Moen provided the following P-Card (Procurement Card) Program Highlights:

- MasterCard Program offered through JP Morgan Chase to the City of West Allis and approximately 150 other municipalities, counties, and school districts (through a group purchasing consortium).*
- Over 8,000 cards in use by public sector organizations. The City has approximately 40 cards in use. For comparison, Waukesha County manages a program with over 250 cards.*

Fraud Protection includes:

- Fraud protection for unauthorized charges (same as personal credit card protection).*
- Fraud protection for employee misuse up to \$100,000 per cardholder and \$300 cash advances per day, up to \$1,000 per claim.*
- Active monitoring of cards for potential employee misuse.*
- Ability to disable a card with suspicious activity (I've seen them do this...last month. It turned out to be nothing, but their vigilance is proactive and designed to minimize losses...presumably because they are financially responsible for losses).*
- Ability to restrict purchases by MCC codes--card transaction is denied if purchase is attempted at a merchant with a restricted MCC code.*
- Annual Rebate--City receives a \$35,000-\$40,000 rebate each year (since 2010 program inception). Rebate is driven by activity and dollars spent on P-cards. Potential to expand the rebate by driving activity to P-cards. (Current spend on P-cards is approximately \$1.5 million.)*
- Quicker turnaround time on routine purchases.*

H. ADJOURNMENT

A motion was made by Ald. May, seconded by Ald. Weigel, that the meeting be adjourned at 9:05 p.m. The motion carried unanimously.