



# City of West Allis

7525 W. Greenfield Ave.  
West Allis, WI 53214

## Meeting Minutes

### Administration & Finance Committee

*Aldersperson Kurt E. Kopplin, Chair*

*Aldersperson Vincent Vitale, Vice-Chair*

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

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Thursday, July 28, 2011

6:00 PM

City Hall Room 128

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#### SPECIAL MEETING

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#### A. CALL TO ORDER

*Chair Kopplin called the meeting to order at 6:00 p.m.*

#### B. ROLL CALL

Present: 4 - Ald. Kopplin, Ald. Lajsic, Ald. Narlock and Ald. Reinke

Excused: 1 - Ald. Vitale

#### Others Attending

*Alds. Czaplewski and Roadt; Tom Karman, Schenck Government & Not-for-Profit Solutions; Scott Post, City Attorney; Michael Lewis, Director of Public Works/City Engineer; Steve Hook, Fire Chief; Terry Brandenburg, Health Commissioner; Audrey Key, HR Manager; Sheryl Kuhary, Assistant City Attorney; Jane Barwick, Principal HR Analyst; Kris Moen, Finance Supervisor; Marty King, Assistant Fire Chief; Peter Daniels, Assistant City Engineer; Paul M. Ziehler, City Administrative Officer; Gary Schmid, Manager of Finance (via phone); Jeanette Wardinski, Administrative Assistant.*

#### C. APPROVAL OF MINUTES

A motion was made by Ald. Narlock, seconded by Ald. Lajsic, to approve the Special Meeting minutes of March 21, 2011; Recess Meeting minutes of April 5, 2011, April 19, 2011, May 3, 2011, May 17, 2011, June 7, 2011, June 21, 2011, and July 5, 2011. The motion carried unanimously.

#### E. APPEARANCE BEFORE COMMITTEE

##### 1. Appearance by Tom Karman, CPA, of Schenck Government & Not-for-Profit Solutions.

[2011-0443](#)

Comptroller/Manager of Finance submitting the City of West Allis Comprehensive Annual Financial Report for the year ended December 31, 2010.

*Mr. Tom Karman of Schenck Government & Not-for-Profit Solutions was present to discuss the City's audit of 2010 financial statements. He said the City has received a clean audit, which fairly states the financial position of the City. The City has once again received GFOA's Certificate of Achievement for Excellence in Financial Reporting for 2010, and this is a positive factor as viewed by the bond rating agencies. West Allis is one of less than 50 communities in the State to do so. It is a positive accomplishment for the City. He spent a few minutes reviewing the budget to actual figures resulting in a positive \$1,685,000 in the City's fund balance. Mr. Ziehler noted that last year's budget was a challenge and with all departments doing what they did, we ended up on a positive note.*

*Mr. Karman then reviewed Schenck's Management Letter, noting that no recommendations have been reported for this audit year. He explained the various City fund balances and what each category represents. He commented that the City's unassigned account balance represents funds the City is carrying forward that have no obligation. The recommended level*

*of balance is usually 8-10% and the City is at 11%, which is an acceptable range. Mr. Ziehler commented that the City's policy is to maintain a 10% balance, so we are within our goal.*

*In closing, Mr. Karman stated that the audit went well and there were no issues or problems. He noted that for a city of its size, West Allis is in a very good position compared to a lot of other communities. The Committee thanked Mr. Karman for appearing tonight. Mr. Ziehler noted the CAFR is actually being introduced at the August 2 Council meeting, so action can be taken on the report at that time.*

*Next, Mr. Ziehler referred to a July 15, 2011 Memorandum sent to all unions, except the Police Union, on salary ordinances for 2011. This memo basically states that no wage increases will be given in 2011 based on the financial threshold level as reported in the 2010 CAFR. The net result of three revenue items was used to determine what level of wage increase would be given, and because the net result was less than \$250,000, the wage increase to be applied for 2011 is 0%. Mr. Ziehler stated the applicable salary ordinances in this regard will be introduced at the first Council meeting in September.*

**Discussed**

**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. Resignation of Gary Schmid, Manager of Finance (Recruitment Plan, Schedule, Effects, etc.).

*Mr. Ziehler explained that in light of Mr. Schmid's resignation from City employment, we will conduct both an internal and external recruitment process. He anticipates this process taking 3-6 months, with the hope we can have someone on board by the end of this year. There may be some minor adjustments made to the job description and in the finance and treasurer areas, and he will be appointing Kris Moen as Acting Finance Manager. Other staff under Ms. Moen will be assisting during this time period, and Rosemary West, Treasurer Office Supervisor, will be doing most of the investment work. Mr. Schmid has been working with her on investments the last few years, and with her prior experience, she is qualified to handle the job. He commented that there will be a lot for Ms. Moen to handle and he hoped that if extra outside help is needed, the Committee is prepared to support that need. The Committee concurred and thanked Mr. Ziehler for this update.*

- b. Issues Regarding Residency (Examples, Options, etc.).

*Mr. Ziehler provided a handout which shows the four categories of nonunion employees. He explained the first three categories, Dept. Heads, Div. Heads and Deputies, have the full residency requirement. The fourth category, Conf., Prof., & Supvy. Service, also has the perimeter residency option with a 2% pay differential for those electing to not live in the City but within the perimeter boundary. In light of upcoming retirements, resignations, etc., Mr. Ziehler said he would like to again propose some options for residency which include:*

*1.) Allow first three categories to not have full residency - variations on this would be perimeter residency for just deputies or only deputies and division heads and not department heads.*

2.) Right now, the Confidential category is allowed perimeter residency with a 2% pay reduction for that option. If residency is opened for the first three groups, institute a similar pay reduction, but it can be structured differently, e.g., 3/4/5% or a 4/6/8% pay differential.

3.) If a long-term employee is eligible for promotion but is unable to take the position because of residency, allow the employee to be grandfathered/mothered in order to be promoted. For example, if an employee has worked for the City 10 years or longer, recognize their long-term service and commitment to City employment and allow them to take the position with the understanding that if they would ever move again, it would be back to the City only. A nonresident move to another nonresident home would not be permitted.

These are some new ideas on the residency issue which Mr. Ziehler offers as a way of addressing upcoming position vacancies and the ability to promote staff from within. Ald. Narlock said he doesn't support opening residency and asked if it's possible to impose residency requirements on the fourth category, or for that matter for all employees once collective bargaining is eliminated. Mr. Ziehler said he would not recommend going in this opposite direction - this becomes very restrictive in our recruitment efforts. Ald. Lajsic said he is not prepared to make a decision on this tonight. He agrees with Ald. Narlock; however, he can see where there might be problems recruiting for top positions. We will be able to see what the interest is like as we recruit for the two immediate Dept. Head and Div. Head positions opening this month, especially in light of the job market and economy, and decide if we need to make changes on residency. Ald. Reinke said she hasn't changed her mind about residency for the top three categories. She feels these top management employees should experience what our residents experience. She may reconsider if it is shown that we are not able to get good, qualified candidates as Ald. Lajsic as commented.

Mr. Ziehler asked the Committee to keep in mind that in certain departments, like the Police Dept., we will have limited ability to promote from within because so many of these potential candidates live outside the City. Mr. Lewis said he has the same situation in his department, and the flexibility to promote through the ranks is limited because of residency. Ald. Narlock said we have great staff and got them with residency. HR Manager Audrey Key said we are facing difficult and challenging times with recruitments, and with 50% pending retirements within the next 3-5 years, this will be an extremely critical component. Mr. Ziehler additionally suggested that with the grandfathering idea, we could couple that with a perimeter pay, like the 2% now in effect for the fourth category of nonunion employees. In any event, he said we can see how these two upcoming recruitments go and address the issue again in the future. The Committee concurred.

c. Implementation of Act 10 (Collective Bargaining Changes).

First, Mr. Ziehler passed out a July 13 memorandum dealing with the budget repair bill and the state budget bill. He highlighted a few items including the pre-tax treatment of employee contributions to WRS (the 5.8% required payment toward the employee portion of retirement contribution); that the effective date this deduction will begin is with the September 9 paycheck for nonunion employees (this is also the effective date for elected officials); the change in eligibility for WRS coverage (which may affect new alderpersons); that because the City is not under the State Health Care Plan, the health insurance contribution noted in the budget repair bill will have no immediate impact on city employees; upon the expiration of general union employees' collective bargaining agreements, union dues/fair share will no longer be collected by the employer. No questions/comments were made.

Second, Mr. Ziehler explained it will be necessary to amend all Department Head contracts to implement the 5.8% pension payment that all other employees will be making. Ald. Narlock wondered if we can do this if the employee doesn't want to do it. Mr. Ziehler thinks it's fair that all Department Heads do this. City Attorney Scott Post said by state law we do not have a

choice. The contracts are in violation of state law and if we do not amend them, the contracts are then null and void. The Committee agreed to proceed with amendment of these contracts.

Next, Mr. Ziehler asked for Committee consideration to compensate nonunion employees for the pension payment they will be making well before this is instituted for the union groups. He reviewed the financial computations which result in a \$87,000 savings to the City for the remaining three months once the payment goes into effect on September 9. All other affected employees do not start paying the 5.8% until 1/1/12. He would like the Committee to consider making a payment in December to compensate the non-union employee group in the spirit of fair play. Ald. Lajsic stated that there are plenty of other communities that have contracts expiring at different times, and as those dates arrive, that is when employees are affected. We should be no different; he does not support a payment. The Committee was not in favor of making a payment as suggested by staff.

Lastly, Mr. Ziehler provided a status report on the Transition Team's work in relation to all the policies and ordinances that will need to be changed, created, etc. in light of the implementation of Act 10 (collective bargaining changes). He passed around a handout listing all the benefits, policies, procedures, rules, regulations, etc. that need to be addressed. The Transition Team members include HR Manager Key, City Attorney Post, Assistant City Attorney Kuhary, CAO Ziehler, Finance Manager Schmid, Finance Supervisor Moen and at times Personnel Analyst Barwick, with specific department input at different times. The group meets every Monday from 1:30-4:30 pm and will continue to meet until this work is completed. Mr. Ziehler said the work is very time consuming and may require a fair amount of time for the Committee when it is time for their review, input, consideration, etc. Ald. Lajsic asked that the Team's final report show existing language and what changes are being made. This should help the review process. Staff concurred.

d. Final Elements of Act 32 (State Budget Bill) - (Revenue Losses, Levy Limit, etc.).

Mr. Ziehler passed out two items from the League of Wis. Municipalities which address the final elements of the State Budget Bill, including revenue losses, levy limit, etc. He highlighted some of the main points which include:

- 1.) Shared Revenues are cut by 10% which relates to a \$1.1 million loss of this funding for the City.
- 2.) He explained how levy limits work, and it's almost negligible for our City levy to go up. We have a 1/2% to carryover from last year and another 1/2% growth factor, which may allow us to go up by 1%.
- 3.) Transportation Aids are reduced by 6%, which results in a \$300,000 loss for the City. This is better than the \$400,000 we thought it might be.
- 4.) Repeal of two maintenance of efforts (Library and Police), which gives us flexibility to lower those budgets if we choose to do so.

These documents are provided for the Committee's information.

e. 2012 City of West Allis Budget Process, Parameters, Challenges.

Mr. Ziehler said to summarize our 2012 City budget situation based on the State Budget Bill, we lose \$1.4 million in State aid, and the 5.8% pension application for all general employees will save the City \$900,000. This means we go into the 2012 budget process half a million dollars short, not including salary, benefit, and other increases. In that regard, Mr. Ziehler passed out a copy of the 2012 Budget Guidelines that were given to all Departments, directing that the total 2012 expenditure budgets should be no more than the 2011 budget. However,

*budgets will have to be even less for Police and Fire because the mandated employee pension contribution does not apply to those sworn personnel. The budget adoption schedule was also reviewed. There were no questions or comments from the Committee at this time.*

f. Updated Report on Other Post Employment Benefits (OPEB) Liability.

*An updated report on Other Post Employment Benefits was provided. Mr. Ziehler explained this actuarial study needs to be done every two years as a requirement of the GASB rules, and the information is included as a footnote in the CAFR. As shown in Table F, on pg. 2 of the handout, the actuarial computation shows what the City's accrued liability is. In other words, if the City went out of business today, this is the amount required to pay off all our employee obligations. Two years ago this figure was at \$128+ million and today it is \$122+ million. This is for informational purposes only.*

3. Other.

*None.*

D. 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 the Fire Fighters Union, and to take such further action as may be necessary and appropriate with respect to such matter.*

*A closed session for the above purposes 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. Reinke, to convene in closed session at 7:17 p.m. The motion carried by the following vote:**

**Votes:** Aye: 4 - Ald. Kopplin, Ald. Lajsic, Ald. Narlock and Ald. Reinke  
No: 0

*Ms. Key, HR Manager, was present along with Fire Chief Hook and Assistant City Attorney Kuhary to update the Committee on status of negotiations with the Fire Fighters Union. Staff responded to questions/comments from the Committee, and discussion ensued. It was the consensus of the Committee for staff to proceed in the manner outlined.*

G. ADJOURNMENT

**A motion was made by Ald. Lajsic, seconded by Ald. Narlock, to adjourn the meeting at 7:45 p.m. The motion carried unanimously.**