



# 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*

Monday, February 21, 2011

6:00 PM

City Hall Room 128

#### SPECIAL MEETING

#### A. CALL TO ORDER

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

#### B. ROLL CALL

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

Excused: 0

#### Others Attending

*Alds. Barczak, Czaplewski, Roadt, Weigel; Paul M. Ziehler, City Administrative Officer; Gary Schmid, Manager of Finance; Scott Post, City Attorney; Sheryl Kuhary, Assistant City Attorney; Audrey Key, HR Manager; Jane Barwick, Principal HR Analyst; Jeanette Wardinski, Administrative Assistant.*

#### C. APPROVAL OF MINUTES

**A motion was made by Ald. Lajsic, seconded by Ald. Narlock, to approve the Regular Meeting minutes of 10/11/10; Recess Meeting minutes of 10/19/10, 11/3/10, 11/16/10, 12/7/10, 12/21/10, 1/4/11, 1/18/11, 2/1/11, 2/15/11; Recess Meeting Closed Session minutes of 10/19/10, 12/7/10, 12/21/10, 1/18/11. The motion carried by the following vote:**

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

No: 0

#### E. NEW AND PREVIOUS MATTERS

- [R-2011-0036](#) Resolution relative to Approving 2010 Transfers, Carryovers, Open Purchase Orders, Capital Accumulation Charges and Negative Department Balances.

**Sponsor(s):** Administration & Finance Committee

*Mr. Schmid handed out an updated page for the Carryover Report related to funds designated for capital accumulation-general, and he explained what was corrected on the page.*

**A motion was made by Ald. Vitale, seconded by Ald. Lajsic, that this matter be Recommended For Adoption. 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

- Discussion/Action on Items by Alderspersons.**

*None.*

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

## a. Financial Reports.

## 1.) Preliminary Financial Report for 2010 Calendar Year.

*Mr. Schmid referred to revenue and expense pages included in the handout package. He explained that we are \$1 million less in revenues and \$1.3 less in expenses which results in basically a break even for 2010 calendar year compared to what we originally anticipated.*

## 2.) 2011 Debt Issuances Parameter and Schedule.

*Mr. Schmid said we will be issuing debt a little later this spring than what we normally do, and interest rates are higher than last year although they have come down a bit over the past week. The spring borrowing is for tax-exempt debt. He discussed the amounts we will be borrowing and for what purposes. We will not do a refinance of existing debt at this time but may do so later this fall along with TIF borrowing.*

## b. Annual Insurance Reports.

## 1.) Liability Insurance Claims Costs.

*Mr. Ziehler reviewed the liability insurance loss reports provided by CVMIC. He said we've had pretty good years minus the 3 or 4 big claims over the last 20 years. He also commented that CVMIC covers everything over the City's \$150,000 self-insured retention. He responded to questions/comments from the Committee.*

## 2.) Worker's Compensation Claims Costs.

*Mr. Ziehler reviewed the 5 year history of worker's compensation claims included in the handout package. He referred to the large claim in 2006 and explained that our excess insurance covered most of this claim; that is why it is beneficial for the City to have this excess coverage. He noted that the number of claims has decreased over the last few years and he feels this reflects the positive effects of safety/workplace training.*

## c. Health Insurance Fund.

## 1.) 2011 Health Insurance Rates.

*Mr. Ziehler referred to the information sheet in the handout material on health insurance rates and noted that rates remain the same from 2010. He said that in our continuing efforts to manage health insurance costs, we have saved \$600,000 moving to the National POS, and increasing our stop-loss amount has also saved us money. Another positive factor is our employee wellness activities which will help in the long term. Mr. Schmid also discussed the rates for medicare eligible employees/retirees and the funded percentages for WRS.*

## 2.) Preliminary Health Insurance Fund Financial Report.

*Mr. Schmid referred to the health insurance fund report in the handout package and noted that our actual costs are about a half million dollars in the positive compared to a budgeted loss of \$1,250,000, a swing of \$1,750,000.*

## 3.) Post Employment Benefits Report (OPEB) - 1/1/08 &amp; 1/1/10.

*Mr. Ziehler noted that every two years we are required to have this report prepared. He referred to the handout material pertaining to the 2008 and 2010 accrued liability for these*

*post-employment benefits. There has been a \$6 million decline in this two-year period, from \$128 million to \$122 million. Mr. Schmid said this is the result of working with our actuary and going through the data in more detail. The reduction also has to do with the number of retirees dropping from the City's health insurance plan, which is having a positive effect for us. He noted that we operate on a pay-as-you-go basis in our obligations for retiree health insurance. Further discussion ensued with staff response to questions from the Committee.*

d. Other.

1.) 2010 Statistical Report for West Allis Mediation Center.

*Mr. Ziehler said this annual report for the Mediation Center shows the number of cases for 2010. It is for informational purposes only.*

2.) Annual Report on Number of Employees Living Outside the City.

*Mr. Ziehler reported that we have had the two-tier pay system in place since 1999. Out of approximately 600 full-time employees, 225, or 38%, live outside the City. This is up slightly from last year's figure of 220, or 37%. This is for informational purposes only.*

3.) Computers for Alderpersons.

*Mr. Ziehler said this issue has been discussed in the past and staff was directed to move forward and create a policy to address computers for alderpersons. The main purpose of proceeding is so that those remaining alderpersons that don't use computers for City-related business are brought on board with this electronic communication capability. Mr. Jandovitz is present to discuss the proposal, and he handed out a draft of a policy addressing email and VPN access for alderpersons. He reviewed several aspects of the policy including a city email address and VPN (Virtual Private Network) connection for each alderperson, the concerns about open records requests, training for those that need it, and costs for internet service, loaner computer, and software. Lengthy discussion ensued with several questions related to open records request. City Attorney Post said litigation is one of the main concerns if alderpersons use their own computer for City business. If there is a lawsuit and electronic communication is key to it, they would go after everything. Many of the alderpersons present said they would rather have the separate computer which would eliminate the threat to a home computer and personal records/information. Mr. Ziehler said this decision could be up to each alderperson. He also said there is a question of whether the City should pay for internet service for alderpersons who already use their own computers as we pay for the service for the alderpersons just getting online. Ald. Barczak thinks alderpersons should pay for a portion of the Internet provider and others agreed. As discussion continued, Ald. Reinke asked several questions about using a computer and training that would be provided. Mr. Jandovitz assured her that training would be provided by the IT Division. He asked if alderpersons have phone texting capabilities, which could tie into this whole proposal. He also mentioned that with the City's new phone system, we can give alderpersons a "302" City number that would ring at their home and when they return calls, it would show a City number, not their home number. There appeared to be no interest in either of these ideas at this time. After further discussion and staff input on this proposal, staff was directed to proceed with introducing the policy.*

5.) School District Cash Flow Borrowing Ideas.

*Mr. Ziehler reported that in recent discussions with the School District's Budget Manager, Deb Rouse, he learned that the District routinely borrows for short-term cash flow needs. This information came to light as a result of the District asking for an advance on their tax proceeds to meet their cash flow needs. They pay 3% for borrowing for this purpose. Mr. Ziehler suggested that the City serve as the District's "bank" and loan them the money at say 2%, saving them 1% in interest and we earn 1% as the loaner. It is a win-win for both entities.*

*Ald. Narlock asked what if they default, and Mr. Ziehler said the agreement would spell out these types of terms. Ald. Barczak asked about charging an administrative fee especially as the City is taking the higher risk so we should be compensated for it. Mr. Ziehler said that is something we would consider, and Mr. Schmid said he feels we could work something out in this regard. Ald. Weigel wondered if this would affect the City's bond rating, and Mr. Schmid said no. State statutes would allow this, and as a matter of fact, he buys investment paper from other school districts as part of our investment strategies. Mr. Schmid said we would look at all aspects of an arrangement like this and set up limitations on what and how they borrow. The Committee indicated its interest in pursuing this idea.*

#### 4.) State Budget Repair Bill; State Bienium Budget.

*Mr. Ziehler began by stating he would cover 5 main points in his discussion of the State budget repair bill. These areas are (1) a summary of the bill, as we know it now and as we interpret it, (2) related factors, (3) different scenarios of how we address this if some of this happens, (4) financial aspects, and (5) collective bargaining implications, which will be discussed in closed session. An extremely lengthy time was spent on this presentation, with many comments/questions/concerns expressed by the Committee and other alderpersons present that staff responded to. Highlights of Mr. Ziehler's comments and the discussion are noted here:*

*1.) Summary of Bill. The 5.8% pension contribution for all employees excludes police and fire union positions; non-represented and civilian employees in these departments are included. The 12.6% employee contribution toward health insurance doesn't apply to us, it only applies to State employees or local entities that are in the State health plan. Right now, City employees pay 5% on their premium share and approximately 4% for co-pays and deductibles indirectly. Ald. Lajsic pointed out that this is then, in both a direct and indirect way, a 9% employee contribution for health insurance, and every municipality is going to have different numbers. Mr. Ziehler then stated that the collective bargaining changes being talked about are annual recertification of unions, prohibiting payroll deductions, bargaining for wages only, one year agreements, and putting a grievance arbitration process in place.*

*The bill also stipulates a structural change study for the whole retirement system due by June 30, 2012, basically considering a move to a defined contribution plan. Currently, the Wisconsin WRS uses a combined plan, allowing a retiring employee to choose between a defined contribution or defined benefit plan, whichever one is more beneficial to the person. Moving to a defined contribution plan hurts lower paid employees. A study must also be done by January 1, 2013 of high deductible plans and HSAs. Also included in the bill is a change to lower the elected officials retirement factor, and the employee/employer split on pension in all employment groups would have to be the same to get to the 5.8%. Another part of the bill pertains to a maximum on the CPI for wages--right now CPI is at 1.5-2%. Other aspects of the bill address limited term employee rules and having grievance/arbitration protection in place if collective bargaining is gone.*

*2.) Related Factors. Next, Mr. Ziehler discussed the Maintenance of Effort (MOE) that currently exists for libraries. This basically means that one library cannot reduce its support and rely on another library to assume the burden. An MOE was passed for police and fire departments, which means we cannot reduce their budgets from one year to the next. These MOEs take away local control. AB14 has been introduced this legislative session that would do away with the police and fire MOE. Mr. Ziehler also mentioned the spending limits for ERP, basically equal to inflation, and levy limits, which for the last few years have been around 3%. Gov. Walker is expected to reduce it to 2%.*

*3.) Financial aspects likely to be faced in the new 2011-2013 Biennium Budget. Mr. Ziehler said total State aid to the City is \$13.4 million, which includes all programs like transportation, shared revenue, ERP, and other state aid. He outlined what impact a 10%,*

20% or 50% cut in both total State aid or just shared revenue would mean to the City. In the worst case scenario of a 50% cut in total aid, the City would lost \$6.7 million. With the implementation of the 5.8% employee pension payment, we would save \$1 million on general payroll and we can add another \$1 million if police and fire are included, which they aren't right now. Until we know what our State aid cut is, we don't know where we are.

4.) Scenarios to address potential changes. The question then is how do we make up any gap resulting from the reduced aid to the City. Some ideas are looking at new revenue sources, implementing new fees, raising taxes, or reducing services. The proposed implementation date for certain aspects of the budget repair bill is as early as 4/1/11 for non-represented employees.

5.) Collective bargaining implications. These issues will be discussed in closed session.

### 3. Other.

None.

### D. CLOSED SESSION

At 7:47 p.m., Chairperson Kopplin stated it was the intention of the Committee to vote on a motion to convene in closed session to discuss implications of Budget Repair Bill on collective bargaining matters with all City 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)(c), (e), and (g), 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 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. Lajsic, seconded by Ald. Vitale, to convene in closed session at 7:47 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 reviewed the 5 main collective bargaining issues that are included in the State budget repair bill and how they impact the City's dealings with its union groups. Questions/comments were made by Committee members which staff responded to. Staff also mentioned that some City unions have requested opening contract negotiations on a fast-track basis in light of the bill. Staff addressed the issues surrounding this matter, and the Committee asked questions which staff responded to. It was the general consensus of the Committee that nothing prohibits us from engaging in conversation.

Upon conclusion of the closed session, the Administration & Finance Committee had no further business to attend to.

### G. ADJOURNMENT

A motion was made by Ald. Narlock, seconded by Ald. Vitale, to adjourn the meeting at 8:18 p.m. The motion carried unanimously.