



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, October 11, 2010

6:00 PM

City Hall Room 128

REGULAR 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

Paul M. Ziehler, City Administrative Officer; Gary Schmid, Manager of Finance; Jeanette Wardinski, Administrative Assistant.

C. APPROVAL OF MINUTES

A motion was made by Ald. Lajsic, seconded by Ald. Vitale, to approve the Regular meeting minutes of August 9, 2010; Recess Meeting minutes of September 7, 2010, September 21, 2010, and October 5, 2010; and Recess Meeting Closed Session minutes for September 7, 2010 and September 21, 2010. The motion carried by the following vote:

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

No: 0

D. NEW AND PREVIOUS MATTERS

[2010-0590](#)

2011 City of West Allis Mayor's Recommended Budget.

Chair Kopplin welcomed staff to make the budget presentation. Mr. Ziehler and Mr. Schmid were present to provide an overview of the budget and respond to any questions/comments from the Committee during the review. Mr. Ziehler began by referring to the Mayor's letter at the front of the blue section of the budget. He explained the Mayor had emphasized holding our tax levy increase at 2%, and we ended up with a 2.49% levy increase which was acceptable to the Mayor. Mr. Ziehler noted that the tax levy for tax increment financing is not included in this amount. In regard to the use of the General Fund and Reserves, Mr. Ziehler noted that the levy increase would have been considerably higher at 5.85% if they had not been used. Staff explained how the TIF levy works in combination with the property tax levy. The City tax rate is increasing from \$8.94 to \$9.61/\$1,000 of assessed valuation, and the increase is mainly due to a drop in the City's assessed value. The charts following the Mayor's letter show how the drop in value and increase in tax rate affect the different classes of property (residential, commercial, and industrial). After several years of the tax burden shifting toward residential property, this year that class has seen the largest drop in value and the shift is moving toward commercial and industrial.

Next, the Summary Highlights of the budget were reviewed. Mr. Ziehler pointed out the largest revenue decreases are:

1. *MMSD Tunnel Rescue - down \$125,000 (to "0"). West Allis will no longer be contracted by MMSD to provide this service. Ald. Narlock asked whether fire employees' salaries will be reduced to reflect the work no longer being done. Mr. Ziehler said the task rate for this work will be eliminated and the salary will reflect the decrease.*

2. *Interest (Investment) Earnings - down \$500,000 (by half). Mr. Schmid mentioned that interest rates may be lowered again, so that is not good news for this revenue category.*

3. *Reserves Applied - down \$650,000 (by half). We are making up the other half by creating a holding account, and budgeted expenditures for certain specific items/purposes will be placed in the holding account but not actually spent in 2011. Mr. Ziehler noted this is an accounting technique we are using to wane ourselves off the \$1.3 million in reserves used in last year's budget that we do not have this year and also probably not next year.*

Mr. Ziehler also mentioned one new revenue source for solid waste administrative support (\$100,000) that was added. He also reviewed the major expenditure items from the four departments that are making up the holding account:

1. *Purchasing/Central Services - transfer of \$125,000 from radio and phone in the capital accumulation to the Capital Holding Account (CHA).*

2. *Police - transfer of \$45,450 for one squad car in the vehicle replacement to the CHA.*

3. *Fire - transfer of \$100,000 from vehicle equipment replacement to the CHA.*

4. *Public Works - transfer of \$364,000 from fleet vehicle replacement to the CHA.*

Mr. Ziehler also reviewed the chart which provides details on expenditure changes and the service effect/impact. The significant items include:

1. *Municipal Court - increased costs due to various expenses and properly reflecting expenses that were previously in the Police Dept. budget.*

2. *Police - crossing guards will be contracted out which reduces the City's liability and workers compensation costs, less administrative scheduling time, less time where officers have to fill in at vacant positions. Initially, our costs will increase, but there are long-term savings in making this change, most notably in the liability/workers comp areas.*

3. *Employee Fringe Benefits - increases for health, dental and life insurance costs result in having to tap into reserves again and we run the risk of getting further behind in full funding of our health insurance fund. Also, State pension contribution rates are increasing again this year and will most likely continue for another three years, resulting in a large budgetary effect. During discussion on the pension costs, Ald. Vitale wondered about instituting a different way of addressing pension problems by establishing for all new employees a 401(k) plan, where the City puts in a certain percentage and the employee contributes the rest. Mr. Schmid said that by State law, we cannot make this change. Other Committee members suggested attempting through our bargaining process to get employees to pay for a portion of their pension. Mr. Ziehler said this is a possibility, but that entails giving something up to get something, which the Committee is already aware of.*

In summary, the City faced an almost 6% levy increase but got it down to 2.49% using the Capital Holding Account (\$650,000 realized from the 4 departments) and \$600,000 from the General Fund. The Committee agreed that staff, Mr. Ziehler and the Mayor did a great job putting this budget together, as difficult as it was.

Mr. Ziehler then referred to several specific pages in the blue section and detail section of the budget, pointing out items of interest. Two specific items that staff wanted to specifically mention were:

1. Status of the Health Insurance Fund. Since 2008, the City has realized significant losses in this fund, with a projected loss of over \$1.6 million in 2011. Even though we still have a positive end fund balance, we cannot continue this trend.

2. Enterprise Funds (Storm Water, Water Utility, Sanitary Sewer and Solid Waste). Mr. Schmid handed out a 2010 to 2011 Utility Rate Comparison printout which shows the sizeable increases in these utility rates. The anticipated 2011 storm sewer rate alone will increase 11%. Staff wanted to clearly point this out because of the size of the increases. And, even though the City collects on behalf of the Milwaukee Water and MMSD for their portion of the utility bill, customers focus on the City because we handle the billing for all entities. Further discussion ensued on this issue with staff responding to questions/comments from Committee members.

Ald. Narlock then asked if staff has any idea how the other taxing authorities are coming in and what the overall tax bill will look like. Mr. Ziehler said overall, we should be in a 2-3% range for increase in taxes. The School District is basically flat or a small decrease, and the County, MATC, and MMSD are likely to be in the area of 3-5%. This is just an educated guess at this time. Mr. Ziehler mentioned the public hearing on the budget will be held November 3 and the budget adoption date is November 16.

No further questions or comments were offered. Mr. Ziehler suggested that as the Committee reviews the budget and if there are further questions, to either contact him, Mr. Schmid, the Mayor, or each Department directly for specific details. Or, if the Committee would like a Department to appear at a future meeting, that can also be arranged.

Held

E. 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.

None.

3. Other.

None.

F. ADJOURNMENT

A motion was made by Ald. Vitale, seconded by Ald. Lajsic, to adjourn the meeting at 7:28 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