

Minutes of the Finance Committee

Wednesday May 22, 2019

Chair Heinrich called the meeting to order at 8:15 a.m.

Present: Supervisors Jim Heinrich, Duane Paulson, Tom Michalski, Tim Dondlinger, Tyler Foti, Richard Morris, and Ted Wysocki. Heinrich left the meeting at 11:10 a.m.

Also Present: Chief of Staff Mark Mader, County Board Chair Paul Decker, Highway Operations Manager Bob Rauchle, Hazardous Materials Coordinator Steve Todd, Parks System Manager Steve Brunner, Landscape Architect Stephen Siodlarz, Administrative Services Manager Randy Setzer, Financial Analyst Josh Joost, Inspector Jim Gumm, Deputy Inspector Patrick Esser, Administration Director Norm Cummings, Human Resources Manager Renee Gage, Employee Benefits Administrator Andrea Mohr, Facilities Manager Shane Waeghe, Principal Financial Projects Analyst Bob Ries, Purchasing/Risk Manager Laura Stauffer, Parks & Land Use Director Dale Shaver, Land Resources Manager Perry Lindquist, Solid Waste Supervisor Analiese Smith, Emergency Preparedness Director Gary Bell, Construction Project Supervisor Jeff Lisiecki, Collections & Business Services Manager Andy Thelke, Reporter Darryl Enriquez of *The Freeman*, Internal Audit Manager Lori Schubert, Accounting Services Manager Danielle Igielski, and Senior Financial Analyst Rob Dunn.

Ordinance 174-O-031: Approve Lease With WisDOT For Woodburn Road Salt Storage Facility

Rauchle discussed this ordinance as outlined which authorizes the execution of a lease agreement with the Wisconsin Department of Transportation (WisDOT) for a salt storage facility located on County property near the Highway Operations Building and two existing salt storage facilities. The term of the agreement will be 40 years with a renewal option for an additional 10 years. The lease will specify that the County will own the facility once it is constructed. WisDOT will be permitted to store salt there rent-free in exchange for allowing the County to use 10% of the space for its salt storage.

The County Board approved funding for the County's share of the construction of a new salt storage facility and the installation of a replacement brinemaker in the 2018 capital budget. Staff expect the brinemaker replacement portion of this project to be completed later in the year and for both portions to be within the approved \$323,700 budget for the County's share of costs.

The County will be responsible for maintenance and other ongoing operating expenses (e.g., utilities). Staff estimate that ongoing operating expenses, at least initially with a new facility, will be less than \$3,000 per year. WisDOT will partially fund these operating expenses through the state's Highway Maintenance County reimbursement process, similar to how it funds for the two existing salt storage facilities.

MOTION: Morris moved, second by Paulson to approve Ordinance 174-O-031. Motion carried 7-0.

Contract Procurement Process for Environmental Consulting Services

Todd indicated this three-year contract was awarded to Giles Engineering Associates, The Sigma Group, and Terracon Consultants, the three highest rated proposers, for a total contract cost of

\$25,000 (first year). Services will be utilized on an as-needed basis, not to exceed the budgeted amount. Todd noted that 12 contractors submitted bids for consideration.

MOTION: Wysocki moved, second by Morris to approve the contract procurement process for environmental consulting services. Motion carried 7-0.

Contract Procurement Process for Architectural and Engineering Services for the Pewaukee to Brookfield Trail

Brunner and Siodlarz were present to discuss this item. The contract was awarded to KL Engineering, the highest rated proposer, for a total contract cost of \$214,639. The budgeted amount is \$300,000. Ten contractors submitted bids for consideration.

MOTION: Michalski moved, second by Foti to approve the contract procurement process for architectural and engineering services for the Pewaukee to Brookfield Trail. Motion carried 7-0.

Contract Procurement Process for In-Home Intensive Therapy Services

Setzer advised this one-year contract was awarded to Power for Change, the only bidder, for the budgeted amount of \$50,000. Setzer briefly discussed the services that will be provided through the contract.

MOTION: Paulson moved, second by Dondlinger to approve the contract procurement process for in-home intensive therapy services. Motion carried 7-0.

Ordinance 174-O-029: Approve Expenditure Of A Cash Donation And Accept An In-Kind Donation To The Sheriff's Department Of Child Car Seats And Booster Seats And Modify The 2019 Sheriff's Department Budget

Gumm and Joost discussed this ordinance which appropriates an additional \$731 of operating expense appropriations to purchase public relations materials for children at community events. This expenditure is funded with a donation from St. Mary's Episcopal Church. This ordinance also allows the Sheriff's department to accept child car seats and booster seats donated by the same entity. The department estimates the value of these seats at \$1,250. Staff plan to provide and install these seats for individuals that need them as they encounter them during their regular work. In order to mitigate liability, department staff will need to obtain certification to become child passenger safety technicians. Staff currently estimate that at least four employees will receive certification. Registration is estimated to cost \$250 per person in addition to travel and lodging expenses for the three-day course. The department expects to absorb these additional costs within their existing training and travel budget.

MOTION: Dondlinger moved, second by Michalski to approve Ordinance 174-O-029. Motion carried 7-0.

Annual Report on the Waukesha Employee Health & Wellness Center

Gage, Cummings, and Mohr were present to discuss their report as outlined which included information and statistics on utilization, financials, return on investment, and new initiatives. The return on investment for the County showed a cost avoidance of \$5,201,083 and total clinic expenses of \$893,327 for a net of \$4,307,756 or 5.8:1.

MOTION: Wysocki moved, second by Paulson to accept the Annual Report on the Waukesha Employee Health & Wellness Center. Motion carried 7-0.

Report on the County's Presentation to the Rating Agencies for the 2019 Bond Issue

Cummings was present to discuss this item and said bond rating agencies are suggesting higher fund balance targets and balances through the budget for sake of bond rating. Staff will likely propose a 2% increase in fund balance. The current target is 15-16% and the listed balance in the 2019 budgets show a 19.2% fund balance.

MOTION: Paulson moved, second by Dondlinger to accept Cummings' presentation. Motion carried 7-0.

Contract Procurement Process for Safety and Efficiency Jail Operations Study

Cummings said this contract was awarded to Justice Planners, LLC, the highest rated proposer, for a total contract cost of \$82,500. The budgeted amount is \$90,000. Five contractors submitted bids for consideration.

MOTION: Wysocki moved, second by Dondlinger to approve the contract procurement process for the Safety and Efficiency Jail Operations Study. Motion carried 7-0.

Contract Procurement Process for HVAC Controls and Equipment Services

Waeghe and Lisiecki were present to discuss this item. Staff indicated this five-year contract was awarded to CBRE/ESI, the highest rated proposer, for a total contract cost of \$789,404. The first year budgeted amount is \$150,000 and the first year cost is \$147,753. Two contractors submitted bids for consideration.

MOTION: Paulson moved, second by Morris to approve the contract procurement process for HVAC controls and equipment services. Motion carried 7-0.

1st Quarter Report on Investments

Ries discussed the 1st quarter investments report as outlined which included information on highlights, market returns, average daily balance, County investment income and balances, average investment rates, and the County's portfolio. The total return for the quarter was up 9 basis points from the last quarter, at 0.58%. For the year ending March 31, 2019, County investments returned 1.98%. Total interest earnings for the quarter were \$1,069,300, up \$334,428 from the 4th quarter due to increased invested balances, higher yields available in the market, and a \$57,216 increase in realized gains/losses as compared to the 4th quarter. Interest income is also up \$366,205 from the 1st quarter of 2019. Factoring out gains and losses, the 1st quarter is the first time since the 2nd quarter of 2011 that interest income exceeded \$1 million. Average invested balances increased \$35.7 million from the 4th quarter, consistent with the County's annual cash flow trend.

MOTION: Michalski moved, second by Dondlinger to accept the 1st quarter report on investments. Motion carried 7-0.

Risk Management Determination of Liability and Workers Compensation Claim Payable Reserve

Stauffer indicated the County is required to reserve funds for any unpaid claims which she explained in detail. Additional reserves of \$1,167,687 were booked which results in a year-end reserve balance of \$5,052,355. This equates to a reserve confidence level of approximately 50%. Ideally, this level should be between 75% and 95%.

Heinrich left at 11:10 a.m.

Ordinance 174-O-032: Approve Second Amendment To The Construction And Operating Agreement Between Waukesha County And Resource Recovery Systems, LLC And Modify The 2019 County Budget For The Material Recovery Facility (MRF)

Lindquist and Smith discussed this ordinance which amends an existing contract between the County and Republic Services, Inc. in the operation of the Material Recovery Facility (MRF). The agreement has six years remaining with a possible five-year extension.

Operating costs for the MRF increased nearly \$670,000, largely from a change in the processing fee assessed by the vendor on all County tonnage, increasing from \$32/ton to \$50/ton in the new agreement or \$530,320 associated with increased costs to increase the quality of the materials to meet market demands. The waste disposal fees paid by the vendor to dispose of waste co-mingled with recyclable materials also increase \$139,500 to \$279,000, reflecting an increase in the budgeted residue rate for tonnage from 9% to 20%. The ordinance also reduces the dividend payment to partner communities by \$907,000 reflecting reduced material sales and higher operating costs. The remaining dividend of \$645,000 reflects agreements to reimburse communities for hauling and recycling carts.

Revenue (excluding fund balance) are expected to decrease approximately \$746,000. This includes a reduction in material sale revenues of nearly \$841,000, mainly due to a reduction in the estimated gross revenue per ton (from \$100/ton to \$80/ton) to reflect market experience. Additional changes include an increase in the residue rate as noted previously and a modification to the revenue cost-sharing schedule resulting in a minimum of \$20/ton for the vendor when the revenue per ton is less than \$100/ton. This is offset with an increase in fees for equipment repair and replacement of \$75,000. Rates change from \$4/ton (when revenues are higher than \$98/ton) to a fixed \$5/ton, regardless of price flexibility. Similarly, the vendor-paid education fee is no longer subject to price flexibility and is set at \$2/ton, resulting in a revenue increase of \$20,000. The ordinance also increases fund balance by \$508,570 due to the reduction in revenues of \$745,750 being only partially offset with expenditure reductions. At the end of 2018, the MRF has an unaudited, estimated cash balance of approximately \$4.30 million.

The Department estimates that over the remaining six years of the contract, material sales will recover slowly due to improved markets and efforts to increase the quality of materials. Staff have indicated further adjustments to preserve fund balance can include further revisions to the community dividends and enacting a material processing fee.

MOTION: Wysocki moved, second by Foti to approve Ordinance 174-O-032. Motion carried 6-0.

Ordinance 174-O-028: Modify Scope Of Capital Project 200815 Digital Radio System Upgrade To Allocate Funds For Digital Paging System Upgrade

Bell discussed this ordinance which modifies the scope of the Digital Radio System Upgrade capital project to include an upgrade of the existing analog paging system to a digital system. The current capital project is expected to have sufficient budget authority to fund this paging system upgrade estimated to cost \$240,000 without having to appropriate additional funding. The paging system will essentially be part of the digital radio system because it is integrated with radio tower site infrastructure, will be managed by Radio Services staff, and will operate through a countywide digital signal. Maintenance costs for the upgraded system will be adjusted from the existing budgeted base in future operating budgets when the system is implemented.

MOTION: Dondlinger moved, second by Wysocki to approve Ordinance 174-O-028. Motion carried 6-0.

Ordinance 174-O-030: Accept State Of Wisconsin Telephonic-Assisted Cardiopulmonary Resuscitation Program Funding And Modify The Emergency Preparedness 2019 Budget To Appropriate Grant Revenues And Expenditures

Bell discussed this ordinance which authorizes the appropriation of a \$15,586 telephonic-assisted cardiopulmonary resuscitation (T-CPR) grant award from the Wisconsin Department of Health Services, Division of Public Health, for the Department of Emergency Preparedness. The funds will be used to cover \$11,372 in equipment costs related to 30 new communication headsets, 12 training manikins, and \$4,214 to cover overtime costs for telecommunicators' training. The additional expenditures will not impact the 2019 tax levy.

MOTION: Wysocki moved, second by Dondlinger to approve Ordinance 174-O-030. Motion carried 6-0.

Fund Transfer 2019-240-01: Emergency Preparedness Department – Transfer Funds from Operating Expenses to Fixed Assets

Bell discussed this item and said a CAD upgrade project was budgeted in the 2016 budget for \$120,000. This project began in 2016 with an encumbered purchase order. As the work has been completed the declining balance has been carried over in 2017 and 2018. The department has identified an additional \$50,000 is needed to provide unanticipated hardware upgrades. The Department is planning to defer workstation replacements in 2019 to 2020 and utilize these budgeted funds in the fixed assets appropriation unit of \$40,000 for the upgrade. An additional \$9,500 is requested to be transferred from within existing operating expenses to fund remaining costs to complete the upgrade in 2019.

MOTION: Wysocki moved, second by Morris to approve Fund Transfer 2019-240-91. Motion carried 6-0.

Approve Minutes of April 23

MOTION: Foti moved, second by Morris to approve the minutes of April 23. Motion carried 6-0.

Next Meeting Date

- June 19

MOTION: Dondlinger moved, second by Morris to adjourn at 12:05 p.m. Motion carried 6-0.

Respectfully submitted,

Thomas A. Michalski

Thomas A. Michalski
Secretary