

Waukesha County Board of Supervisors

Minutes of the Finance Committee Wednesday, August 18, 2021

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

Present: Supervisors Jim Heinrich, Duane Paulson, Tom Michalski, Joel Gaughan, Larry Nelson, and Ted Wysocki. **Absent:** Tyler Foti.

Also Present: Chief of Staff Sarah Spaeth, Legislative Policy Advisor Alex Ignatowski, Administrative Specialist Mary Pedersen, Senior Landscape Architect Stephen Siodlarz, Business Manager Steve Trimborn, Public Works Director Allison Bussler, Airport Manager Kurt Stanich, Matt Hofeldt of Capital Flight LLC, Senior Financial Analyst Stephanie Kirby, Director of Administration Andrew Thelke, Employee Benefits Administrator Andrea Mohr, Human Resources Manager Renee Gage, Senior Human Resources Specialist Jane Barwick, Principal Human Resources Analyst Whitney Ruiz, County Board Chair Paul Decker, Principal Financial Projects Analyst Bob Ries, Budget Manager Bill Duckwitz, Budget Management Specialist Michelle Beasley, Citizens John Heintz Taylor and Frances Heintz Taylor, Corporation Counsel Erik Weidig, and Risk/ Purchasing Manager Laura Stauffer.

Contract Procurement Process for Construction Administration Services for Pewaukee to Brookfield Trail, Capital Project #201807

Siodlarz indicated the contract was awarded to KL Engineering, Inc., the highest rated proposer. The contract cost is \$95,000 and the budgeted amount is \$100,000 (80% Federal funds, 20% County funds). Four contractors submitted bids for consideration.

MOTION: Paulson moved, second by Wysocki to approve the contract procurement process for construction administration services for the Pewaukee to Brookfield Trail capital project. Motion carried 6-0.

Ordinance 176-O-053: Execute Subgrantee Agreements And HUD Grant Agreement For Community Development Block Grant (CDBG) And Home Investment Partnership (HOME) Programs For The 2022 Program Year

Trimborn discussed this ordinance which authorizes the County Executive to execute agreements with the Federal Government to accept up to \$2,960,506 of Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) grants and program income. If the Federal Housing and Urban Development (HUD) funding allocation awards are less than the estimated amount, the CDBG and HOME Consortium Boards will make appropriate reductions to subgrantee grant amounts and send a notification of any decreases to the Finance Committee. The Community Development expenditures will be limited to the amount of the HUD award notifications. All subgrantee agreements for projects will include clauses providing for grant funding decreases, if necessary. If the final Federal appropriation amount is greater than the estimated amount of \$2,960,506 an ordinance to appropriate the additional funding will require future County Board

approval to increase the CDBG and HOME program expenditure appropriations and revenue budgets accordingly. This ordinance has no direct tax levy impact.

MOTION: Nelson moved, second by Paulson to approve Ordinance 176-O-053. Motion carried 6-0.

Ordinance 176-O-054: Approve Lease With Capital Flight, LLC To Become A Multiple Services Aeronautical Service Provider At Waukesha County Airport

Stanich and Bussler were present to discuss this ordinance to approve Capital Flight LLC as an aeronautical service provider at the Waukesha County Airport and approve a 30-year lease agreement between the County and Capital Flight. Stanich said the new agreement would generate additional annual revenue streams including land lease agreements and additional fuel flow revenues. In recognition of the investments in new facilities that Capital Flight is proposing, the agreement delays the implementation of lease payments for the new aeronautical service provider facility for five years from the execution of the agreement, and delays the implementation of all other lease payments for up to two years from execution of the agreement or upon occupancy of those facilities, whichever is sooner. The agreement requires Capital Flight to build a hangar on Parcel A within two years of the execution of this agreement. It is estimated that new fuel flow revenue from increased air traffic activity will begin in 2023 and gradually increase as Capital Flight develops their facilities and builds business.

As a result, revenue from this agreement will begin materializing in stages during the initial years of the agreement. All lease rates will be adjusted up from existing 2021 rates by the consumer price index each year, with the adjustment being at least 2.5% but not more than 10%. Staff indicated that the terminal parking lot is already in need of rehabilitation and expansion and that additional traffic from this proposal will require parking lot improvements in 2022. They are requesting County Board approval for a terminal parking lot capital project through a separate ordinance with an estimated County share (net of 95% state/federal funding) of \$82,500 (\$7,500 for design in 2021 and \$75,000 for construction in 2022). Overall, the agreement is estimated to generate an additional \$39,000 of annual revenues adjusted annually each year for CPI which generates a return on investment to cover the \$82,500 in parking lot rehabilitation/expansion costs and related maintenance in seven years. This ordinance does not result in an ongoing direct tax levy impact.

Hofeldt gave a brief overview of the project and a PowerPoint presentation included information on his company's annual gross revenues, total employees, infrastructure investments, etc.

Wysocki and Paulson said they support the ordinance but felt the County should have negotiated for a portion of the sales.

MOTION: Michalski moved, second by Nelson to approve Ordinance 176-O-054. Motion carried 6-0.

Ordinance 176-O-055: Modify The 2021-2025 Capital Plan For The Creation Of Capital Project #202108 – Airport Perimeter Road Extension And Modify 2021 Capital Project Budget

Stanich discussed this ordinance which modifies the 2021-2025 capital plan to create capital project #202108 (Airport Perimeter Road Extension) and modifies the 2021 capital project budget. He indicated that this project was not included in the proposed 2021-2025 capital plan as the Federal Aviation Administration (FAA) Runway Safety Action Team had not yet prioritized this project and

made available State or Federal funds. However, in 2021, the County received notification that the FAA Runway Safety Action Team prioritized the construction of the perimeter road in order to remove all airport service vehicle traffic from the runways and taxiways to increase safety.

Funding has been approved to begin design work for the project in 2021 and the total project cost is estimated at \$2,496,000. The estimated County share is \$124,800 which is net of 95% state/ federal funding. The County share of design costs is \$21,300 and is scheduled to take place in 2021. The County share of construction costs is \$103,500 for 2022 and this request will be included in the 2022-2026 capital plan. The entire County share of the project will be funded with Airport Fund balance

After the road is constructed, ongoing pavement maintenance costs are estimated to be about \$1,300 per year over time as road maintenance is needed. Snow removal costs are expected to be about \$9,200 per year. The net remaining Airport Fund balance as of 12/31/2020, factoring in future obligated fund balance use is estimated at \$1,037,800. This ordinance does not result in an ongoing direct tax levy impact.

MOTION: Wysocki moved, second by Michalski to approve Ordinance 176-O-055. Motion carried 6-0.

Ordinance 176-O-056: Modify The 2021-2025 Capital Plan For The Creation Of Capital Project #202109 – Airport Parking Lot Rehabilitation And Expansion And Modify 2021 Capital Project Budget

Stanich discussed this ordinance which modifies the 2021-2025 capital plan to create capital project #202109 (Airport Parking Lot Rehabilitation and Expansion) and modifies the 2021 capital project budget. This project was not included in the proposed 2021-2025 capital plan due to the unavailability of State or Federal funds. However, in 2021, the County received notification from the State Bureau of Aeronautics that funding has been approved to begin design work for the project in 2021. Total project costs are estimated at \$1,650,000. The estimated County share is \$82,500 which is net of 95% state/federal funding. The County share of design costs is \$7,500 with design scheduled to take place in 2021. The County share of construction costs is \$75,000 and this request will be included in the 2022-2026 capital plan. The entire County share of the project will be funded with Airport Fund balance.

Additionally, staff are currently working on an agreement with Capital Flight, LLC, to become a multiple services aeronautical service provider at Waukesha County Airport (see above). In order to accommodate the increased anticipated vehicle parking demands at the airport for this development, the existing terminal parking lot must be rehabilitated and expanded. Overall, the Capital Flight agreement is estimated to generate an additional \$39,000 of annual revenues adjusted annually each year for CPI which generates a return on investment to cover the \$82,500 in parking lot rehab/ expansion costs and related maintenance (e.g., snow removal at approximately \$3,000 annually) in seven years. The net remaining Airport Fund balance as of 12/31/2020, factoring in future obligated fund balance use is estimated at \$1,037,800. This ordinance does not result in an ongoing direct tax levy impact.

MOTION: Paulson moved, second by Gaughan to approve Ordinance 176-O-056. Motion carried 6-0.

Ordinance 176-O-057: Approve Amended And Restated Medical Clinic Intergovernmental Cooperation Agreement Between Waukesha County And The City Of Waukesha

Thelke, Gage, and Mohr were present to discuss this ordinance to approve an amended intergovernmental agreement covering the oversight, management, and financial terms of operating a shared on-site medical clinic. Thelke said the agreement specifies a two-member advisory council to include the County's Director of Administration and the City Administrator. The cost-share basis is as follows: County at 65% and City at 35% in 2022 based on the rolling three-year average of clinic utilization for the three preceding years under the prior agreement, adjusted for the removal of non-continuing party. The cost share will be updated annually for the rolling three-year average utilization. Exceptions to the cost-share arrangement may include programs specifically requested by individual parties and other items that can be billed directly to the parties, subject to advisory council approval.

As part of the transition to a two-party clinic, the 2022 Waukesha County Employee Health Clinic budget will be adjusted to reflect projected patient volume. Staff will work with the City and the contracted clinic provider to adjust contracted clinic staffing, operations, and clinic provider administrative costs to right-size clinic operations while continuing to provide services focused on reducing health claims costs. It is anticipated that these adjustments will result in minimal impact to the County's clinic budget in 2022. The term of this intergovernmental agreement is through December 31, 2024 with the option for five two-year renewals.

MOTION: Nelson moved, second by Wysocki to approve Ordinance 176-O-057. Motion carried 6-0.

Ordinance 176-O-058: Ratification Of The 2020 – 2022 Waukesha Deputy Sheriff Labor Union Collective Bargaining Agreement

Gage discussed this ordinance which authorizes the ratification of a collective bargaining agreement between Waukesha County and Waukesha Deputy Sheriff Labor Union (WDSLUI) for the years 2020-2022. The agreement includes modifications to compensation and classification for deputy sheriffs and detectives including across-the-board increases of 2.25% retroactive to January 4, 2020 and 2.25% retroactive to January 2, 2021. Effective January 1, 2022, this agreement eliminates steps 1, 8 and 9 for the deputy sheriff positions and eliminates step 1 for the detective positions. This ordinance also provides a 2.25% across-the-board increase to all represented employees not at their top step as of January 1, 2022. All represented employees at their top step will receive a 3.25% increase effective January 1, 2022. The total three-year impact to employee wages of \$1.97 million is spread over approximately 150 represented employees over a three-year period. An estimate of the 2020 impact was accrued from 2020. The 2021 adopted budget included sufficient funding for these changes and the 2022 proposed budget will include sufficient funding to cover the 2022 impact of this agreement.

MOTION: Paulson moved, second by Nelson to approve Ordinance 176-O-058. Motion carried 6-0.

Investments Report for Six Months Ended

Ries reviewed the investments report including valuation at cost, valuation at market, total investment income and balances, and the County's portfolios. The total return for the quarter was up 1 basis point from the last quarter, at 0.26%. For the year ending June 30, 2021, County investments returned 1.21%. Total interest earnings for the quarter were \$572,757, up \$62,557 from the 1st

quarter, due to an increase in realized gains/losses on the sale of securities of \$63,269 as compared to the prior quarter. Interest income is down \$197,030 from the 2nd quarter of 2020 due to the lower rates in the market. Average invested balances increased \$17.4 million compared to the previous quarter, due largely to the receipt of APRA funds from the federal government in mid-May.

MOTION: Gaughan moved, second by Wysocki to accept the investments report for six months ended. Motion carried 6-0.

Approve Minutes of July 21

MOTION: Paulson moved, second by Nelson to approve the minutes of July 21. Motion carried 6-0.

Next Meeting Date

- September 1

Executive Committee Report of August 16

Heinrich said the Executive Committee approved three ordinances and four appointments, denied Supervisor Peter Wolff's appeal to forward his resolution pertaining to Critical Race Theory to the full County Board, and discussed the redistricting timeline.

Legislative Update

Ignatowski gave an update on current bills in the state legislature and at the federal level.

General Funds and Special Revenue Funds Report for Six Months Ended

Duckwitz was present to discuss these reports as outlined. Regarding General Funds, overall year-end results are projected to be favorable (revenues exceeding expenditures) by about \$1.5 million, or 0.8% of the \$195.5 million expenditure budget. Contributing to this projected favorable variance is an estimated \$1.16 million in federal funding for staff time redeployed to the pandemic response, including Emergency Operations Center functions, contact tracing and disease investigation, and the mass community vaccination clinic. These personnel costs are already in the base budget and the additional revenues will either offset lower revenues or generate favorable financial results. The funding is expected to come from a combination of American Rescue Plan Act (ARPA) – Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) and other allocations from the state. Duckwitz went on to highlight each department/fund as outlined.

Regarding Special Revenue Funds, as of six months, all funds are projected to finish the year with overall favorable results. Department of Public Works management may request a funds transfer or ordinance to cover estimated above budget personnel costs related to higher overtime expenses and retirement payouts in the Transportation Fund. Health and Human Services management may request a funds transfer from personnel costs to cover projected above budget operating and interdepartmental expenses in the ADRC Grant Fund. Bridges Library System management may request a funds transfer to cover projected above budget personnel costs in the CAFÉ Shared Automation Fund. Duckwitz went on to highlight each department/fund as outlined.

MOTION: Michalski moved, second by Wysocki to accept the General Funds and Special Revenue Funds report for six months ended. Motion carried 6-0.

Status Report on the Contingency Fund for Six Months Ended

Duckwitz indicated the current Contingency Fund balance is \$900,000 after a previous ordinance authorized \$300,000 of contingency funds for Non-Departmental to cover expenditures related to COVID-19. Duckwitz said they don't anticipate spending the \$300,000 at this time.

MOTION: Michalski moved, second by Gaughan to accept the status report on the Contingency Fund for six months ended. Motion carried 6-0.

Capital Projects Status Report for Six Months Ended

Beasley reviewed the 2021 six-month status report on capital projects as outlined which included information on project title, current appropriations, expenditures and balances, and estimated percent complete for design, bid, and construction. No major concerns were voiced.

MOTION: Nelson moved, second by Wysocki to accept the Capital Projects status report for six months ended. Motion carried 6-0.

Closed Session

MOTION: Paulson moved, second by Wysocki to convene in closed session at 11:16 a.m. pursuant to Section 19.85(1)(g), Wisconsin Statutes, to confer with staff and Corporation Counsel who is rendering oral advice concerning strategy to be adopted with respect to pending litigation, Richard Shanks vs. Waukesha County, and approve the closed session minutes of March 17, 2021 (two sets). Motion carried 6-0.

MOTION: Paulson moved, second by Nelson to return to open session at 11:32 a.m. Motion carried 6-0.

MOTION: Michalski moved, second by Gaughan to adjourn at 11:32 am. Motion carried 6-0.

Respectfully submitted,

Thomas A. Michalski

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Secretary