

Minutes of the Finance Committee

Wednesday, November 16, 2016

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

Present: Supervisors Jim Heinrich, Tim Dondlinger, Tom Michalski, Richard Morris, Duane Paulson, and Ted Wysocki. **Absent:** Bill Zaborowski.

Also Present: Chief of Staff Mark Mader, Principal Financial Projects Analyst Bob Ries, Parks System Manager Duane Grimm, Business Services & Collections Manager Andy Thelke, Financial Analyst Kayla Kaboskey, Risk/Purchasing Manager Laura Stauffer, Administration Director Norm Cummings, Budget Manager Linda Witkowski, Budget Management Specialist Bill Duckwitz, Senior Financial Analyst Clara Daniels, and Emergency Preparedness Director Gary Bell.
Recorded by Mary Pedersen, County Board Office

Approve Minutes of November 2

MOTION: Michalski moved, second by Morris to approve the minutes of November 2. Motion carried 6-0.

Next Meeting Date

- December 14

Announcements

Paulson, referring the last budget process and the Tarmann Fund, was concerned that funds were raided to fund unrelated items, even though rating agencies have warned us not to as it could affect the County's Triple A bond ratings. He asked that this be placed on a future agenda for discussion.

Wysocki asked for earlier input on the budget, perhaps extending the process. Paulson said staff, however, need to be responsive. The Birth to Three funding shortfall was known in April, prior to Administration drafting the budget, yet nothing was done to address the shortfall until a budget amendment was proposed in October. Heinrich said if budget related issues come up in the future, to let him know as soon as possible and he will bring them to County Executive's attention.

3rd Quarter Report on Investments

Ries reviewed this report as outlined including the highlights, valuation at cost and market, County portfolios, and total County investment income, balances, and rates. Total interest earnings for the quarter were \$562,592, up \$39,168 from the 2nd quarter due largely to an increase of \$24,927 in realized gains on the sale of securities. Due to the proceeds of the annual bond issue being received during the 3rd quarter, along with second installment tax collections, the average invested balance increased \$26.0 million from the 2nd quarter. The total return for the 3rd quarter was down 2 basis points from last quarter, to 0.28%. At the end of September 30, 2016, County investments returned 1.29% and the investment balance was \$140,876,986.

MOTION: Paulson moved, second by Dondlinger to accept the 3rd quarter report on investments. Motion carried 6-0.

Ordinance 171-O-059: Adopt a Three Year Agreement Between Waukesha County and the Waukesha County Fair Association for Holding the Waukesha County Fair at the Waukesha County Exposition Center for Years 2017 through 2019

Grimm discussed this ordinance as outlined which authorizes the department to enter into a new lease agreement with the Waukesha County Fair Association for use of the County Exposition Center facility and grounds to operate the County Fair for the years 2017-2019. Under the terms of the agreement, the County Fair Association (CFA) will make a 2017 fixed base rental payment of \$45,000 with an approximate 2% increase in years 2018 and 2019. The new lease agreement clarifies CFA responsibilities for repair and replacement of county equipment and supplies. There is no fixed base rental payment increase between the end of the 2014-2016 lease agreement and the start of the 2017-2019 lease agreement. The department will manage expected rental payment revenue and staff, and equipment expectations within the overall 2017 adopted Exposition Center budget resulting in no budget impact.

Heinrich suggested improved wording for reimbursements to the County. Grimm agreed and said County expenses should read County reimbursements.

MOTION: Wysocki moved, second by Morris to approve Ordinance 171-O-059. Motion carried 6-0.

3rd Quarter Report on Proprietary Funds

Thelke reviewed the 3rd quarter report on the County's various enterprise and internal service funds. Those that showed a net income at the end of the 3rd quarter were the Naga-Waukee Golf Course (\$257,796); Moor Downs Golf Course (\$33,184); Materials Recycling (\$82,976); Vehicle/Equipment Replacement (\$654,267); Central Fleet (\$42,495); Radio Services (\$46,474); Records Management (\$61,382); Communications (\$89,627); Risk Management/Workers Compensation (\$521,467); Collections (\$91,414); End User Technology (\$104,022); and Health Insurance (\$338,019). Those that showed a net loss were the Wanaki Golf Course (-\$18,992); Naga-Waukee Ice Arena (-\$82,691); Eble Park Ice Arena (-\$128,834); and Airport (-\$115,338).

MOTION: Paulson moved, second by Wysocki to accept the 3rd quarter report on Proprietary Funds. Motion carried 6-0.

Discuss and Consider Recommended Revisions to Department of Administration Purchasing Policies

Stauffer and Cummings were present to discuss this item. Purchasing policies related to the dollar threshold when a request for proposal (RFP) process is managed by Purchasing and when a County Board Supervisor participates in the RFP process have not been updated for almost three decades.

Currently, when a request for proposal process for goods or services which will exceed \$50,000, a County Board Supervisor must be a member of the evaluation committee. The proposed revision increases the dollar threshold for County Board Supervisor participation in the RFP evaluation committee from \$50,000 to \$150,000 with the exception that no County Board Supervisor is required for IT related RFP evaluation committees.

There is a significant time commitment required to serve on an RFP evaluation committee. At times it is a challenge finding an available County Board Supervisor and who are able to complete the process. On a few occasions, the County Board Supervisor on the evaluation committee has had

to withdraw from the process part way through because of the time commitment required. IT related RFPs are even more challenging given the technical nature of the proposals which often involve a substantial time commitment. Raising the dollar threshold for County Board Supervisor participation, with the exception that no County Board Supervisor is required for IT related RFP evaluation committees, will help reduce the burden on County Board Supervisors, streamline the process, and ensure continuity of the evaluation process from start to finish.

The above revisions only address County Board Supervisor participation on RFP evaluation committees. All RFPs over \$50,000 will still be referred to the Finance Committee for a review of County policy and purchasing processes.

As the above dollar thresholds are updated, it is appropriate that the dollar threshold for department managed RFPs also be updated and they are as follows: Increase dollar threshold for RFPs that are managed by departments from less than \$20,000 to less than \$25,000; increase dollar threshold for County Board Supervisor participation in RFP evaluation committee from \$50,000 to \$150,000; and County Board Supervisor participation will not be required in the RFP evaluation committee process for IT related procurements.

Because these policies have not been revisited in years and probably will not again for years to come, Paulson suggested increasing the threshold from \$25,000 to \$35,000. Cummings suggested this figure not go beyond \$30,000 but supported Paulson's amendment. Stauffer said this could result in maybe one to three additional RFPs per year that will be managed by departments.

MOTION: Paulson moved, second by Wysocki to amend the \$25,000 threshold to \$30,000. Motion carried 6-0.

At Dondlinger's request, Cummings agreed to send notifications of all RFPs to County Board Supervisors for informational purposes.

MOTION: Paulson moved, second by Dondlinger to approve the proposed revisions to Purchasing Division policies and as amended by Paulson as stated above. Motion carried 6-0.

3rd Quarter Report on Special Revenue and General Funds

Witkowski discussed the Special Revenue Funds report as outlined in the report. As of nine months, all funds are projected to finish the year with favorable or break-even results. At this time, fund transfers between appropriation units are anticipated for the CAFÉ Shared Automation and Land Information Systems (LIS) funds.

Regarding General Fund expenditures, the Transportation Fund is estimated to finish 2016 favorably by \$415,000. Staff estimate that total Aging & Disabilities Resource Center contract expenditures and the related reimbursable revenues to be \$257,200 below budget. There are no significant variances expected in the Federated Library County Fund and year-end expenditures for the Federated Library State/Federal Fund are estimated to be below budget by about \$107,500. The department plans to submit a request to transfer \$3,200 from the interdepartmental charge appropriation to cover estimated above-budget operating expenses in the Federated Library CAFÉ Shared Automation Fund. Parks & Land Use Land Information Systems expenditures are estimated to be about \$11,900 below budget. Estimated 2016 expenses from the Parks & Land Use Tarmann Parkland Acquisition Fund are \$338,400. Based on current-year estimates in 2016 and budgeted

use of fund balance next year, Tarmann Fund balance is estimated to be about \$4.4 million at year-end 2017. Regarding the Parks & Land Use Community Development Fund, year-end 2016 expenditures are estimated to be \$2.9 million, about \$3.3 million below the approximately \$6.2 million modified budget.

Wysocki reiterated concerns he had with the Department of Administration over-estimating investment revenues.

MOTION: Michalski moved, second by Morris to accept the 3rd quarter report on Special Revenue and General Funds. Motion carried 6-0.

Ordinance 171-O-061: Approve Fifth Amendment to the Nashotah Substation Cellular Tower Lease

Bell discussed this ordinance as outlined. The County leases space to Verizon on the Nashotah Sheriff Substation radio tower for use as a cellular tower and additional ground space for related equipment. Pursuant to the lease, Verizon is permitted with the County's consent to sublease space on the tower to AT&T in exchange for the County receiving a percentage of the rent charged. AT&T wishes to make upgrades to antennas and related equipment on the tower. The County will allow the upgrades and amend the lease with Verizon resulting in an annual rent increase of \$5,940.00. Verizon and AT&T have agreed to the modifications.

Heinrich said the lessor is Verizon and they are subleasing to AT&T and the ordinance reads this will amend the lease with AT&T. Heinrich was concerned that there is no lease with AT&T; the County's lease is with Verizon. He will recommend on the County Board floor that this be reworded from AT&T to Verizon.

Answering Paulson's question, Bell indicated the rental revenues go into the Radio Services Enterprise Fund.

MOTION: Dondlinger moved, second by Wysocki to approve Ordinance 171-O-061. Motion carried 6-0.

Future Agenda Items

- Discuss the Raiding of Funds to Fund Unrelated Budget Amendments (Paulson)
- Discuss Extending the Budget Review Process for Earlier Input (Wysocki)

MOTION: Paulson moved, second by Dondlinger to adjourn the meeting at 10:34 a.m. Motion carried 6-0.

Respectfully submitted,

William J. Zaborowski
Secretary