

## **Minutes of the Finance Committee**

**Wednesday, February 20, 2008**

Chair Haukohl called the meeting to order at 8:45 a.m.

**Present:** Supervisors Pat Haukohl (Chair), Pamela Meyer, Ted Rolfs, Jim Heinrich, and Rob Hutton. Jean Tortomasi arrived at 8:50 a.m. Rodell Singert arrived at 8:56 a.m. Heinrich left the meeting at 11:33 a.m. and Singert and Hutton left at 12:33 p.m.

**Also Present:** Legislative Policy Advisor Mark Mader, Senior Services Director Cathy Bellovary, Senior Financial Analyst Steve Krafcheck, Senior Buyer Diane Knoll, Building Operations Manager Mark Keckeisen, Land Resources Manager Perry Lindquist, Heather Acker of Virchow Krause & Company, Internal Audit Manager Lori Schubert, Accounting Services Manager Larry Dahl, Principal Financial Projects Analyst Bob Ries, Budget Manager Keith Swartz, Principal Financial Projects Analyst Cindy Behrens, UW-Extension Director Marcia Jante, Emergency Preparedness Director Rich Tuma, Budget Specialist Linda Witkowski, Administration Director Norm Cummings, Risk/Purchasing Manager Laura Stauffer, and Principal Risk Management Analyst Mark Jenks. Recorded by Mary Pedersen, County Board Office.

### **Approve Minutes of 1-30-08**

MOTION: Heinrich moved, second by Rolfs to approve the minutes of January 30. Motion carried 5-0.

### **Schedule Next Meeting Dates**

- March 5

### **Chair's Executive Committee Report of 2-4 & 2-18-08**

Haukohl advised of the following issues discussed at the last two Executive Committee meetings.

- The ordinance to create a capital project to construct a salt shed for the State was tabled until a memorandum of understanding can be reviewed.
- State legislators Jeskewitz, Gunderson, and Zipperer were present to discuss issues such as indigency requirements, 911 assessments for new technology, and the Great Lakes Water Compact.
- Approved Ordinances 162-O-099 and 162-O-100 regarding UW-Extension, and discussed Ordinance 162-O-106 as it pertained to UW-Extension and Block Grant, all of which are on today's agenda.

Tortomasi arrived at 8:50 a.m.

### **Contract Procurement Process for Rideline Paratransit**

Bellovary said this two year contract was awarded to Transit Express, Inc., the highest rated proposer, for \$1,771,739.78. The cost was reduced by \$16,870 during contract negotiations to bring it in line with the budgeted amount. A total of two vendors submitted RFP's for consideration.

MOTION: Meyer moved, second by Tortomasi to approve the contract procurement process for Rideline Paratransit. Motion carried 6-0.

Singert arrived at 8:56 a.m.

**Contract Procurement Process for HVAC Control and Equipment Services**

Keckeisen advised that this three-year contract was awarded to Environmental System, Inc., the highest rated proposer, for a total of \$224,551.80. The first year budgeted amount was \$83,000 and the first year cost is \$72,180. A total of three vendors submitted RFP's for consideration.

MOTION: Heinrich moved, second by Rolfs to approve the contract procurement process for HVAC control and equipment services. Motion carried 7-0.

**Contract Procurement Process for Operation of the Waukesha County Materials Recycling Facility (MRF)**

Lindquist indicated that this three-year contract was awarded to FCR, LLC, A Casella Company, the highest rated proposer, for a total contract revenue of \$424,709.85 plus 50% of commodity revenue. The first year budgeted amount was \$60,000 cost to the county. The first year revenue will be \$154,934 based on FCR paying \$6.50 per ton for 23,836 tons per year, plus 50% of the commodity revenue. A total of six vendors submitted RFP's for consideration.

MOTION: Singert moved, second by Rolfs to approve the contract procurement process for operation of the Waukesha County Materials Recycling Facility. Motion carried 7-0.

**Discuss Virchow Krause Letter Regarding Annual Financial Audit Standards**

Acker, Dahl, and Schubert were present to discuss this issue as outlined in a letter dated 1-24-08 from Virchow Krause and addressed to the Finance Committee. Acker said these changes apply to all non-publicly traded entities that are audited. The letter states that the new standards are intended to provide enhanced communication. Specifically, Virchow Krause is required to communicate certain things during the planning and completion phases of the audit which Acker discussed further.

Haukohl felt trust was very important, which she is comfortable with, as are the accuracy of the reports and the data presented. Singert felt it was important that future boards look at unfunded health insurance.

**Ordinance 162-O-106: Transfer Carryover Funds From 2007 Unexpended Appropriations To 2008 Budgeted Appropriations**

Dahl and Ries reviewed this ordinance in detail as outlined. Dahl explained that many of these carryover requests involve projects that were not completed by the end of 2007. Others involve grants that cover a different fiscal year. Staff are requesting that a total of \$2,983,218 be carried over into 2008 budgets.

MOTION: Tortomasi moved, second by Heinrich to approve Ordinance 162O- 106. Motion carried 7-0.

**4<sup>th</sup> Quarter Report on Investments**

Ries discussed his reports as outlined which included information on valuation at cost, valuation at market, investment yield, investment revenue, average daily balance, total investment income, investment by portfolio, etc. The return for the 4<sup>th</sup> quarter was down three basis points from the last quarter to 1.16%. The decreased return is largely due to decreases in short term interest rates by the

Federal Reserve. The Federal Reserve cited a slowing economy, particularly in the housing sector. The overall return on investments for the County for the last four quarters was 4.60%. The average invested balance decreased by approximately 44.4 million in the 4<sup>th</sup> quarter from the previous quarter, and was approximately \$6.3 million higher than the 4<sup>th</sup> quarter of 2006. This is consistent with the County's cash flow trend over the last several years. Investment income in the 4<sup>th</sup> quarter is down due to lower balances available to invest and the lower short term rates, and is above the 4<sup>th</sup> quarter of 2006. Invested balances are down in the 4<sup>th</sup> quarter following the County's normal cash flow trend. The 4<sup>th</sup> quarter investment return is down from the 3<sup>rd</sup> quarter, but is well above most of the quarters in 2002 through 2006.

Without hearing any objections, Haukohl asked that the full list of portfolio holdings be copied with this report only once a year to save paper. Ries noted it is also available electronically upon request.

**Ordinance 162-O-099: Modify Waukesha County University Of Wisconsin Extension Office 2008 Budget To Appropriate Funding Received From The University Of Wisconsin System To Subcontract For The Latino Culture Education Projects**

Jante, Swartz, and Dahl were present to discuss this issue which involves \$7,779 in State grant funds that had been accepted but lapsed into a separate revenue fund. Through this ordinance, the funds will be incorporated into the UW-Extension general fund and appropriated through their operating budget to cover expenses associated with the training program entitled "Walk an Hour in my Shoes." Jante distributed copies of a program brochure and explained that it involves understanding cultural differences within the Latino community. Workshop participants will walk away with a better understanding of the Latino culture and learn tools for communicating with this diverse and growing population. Jante advised these are university funds and no County funds are involved.

Haukohl said she voted in favor of the ordinance in Executive Committee although she does have concerns. She believes there are different expectations depending on what country you migrate from. It's important that people take the initiative to learn the culture of the country they are moving to and she wondered if we aren't bending over backwards for a certain ethnicity. Heinrich feels this is an educational opportunity and does not believe it's possible to be over educated. Meyer thought this was a great program and believes we can all learn from other cultures. Mutual civility and respect is vital. Hutton wondered why the Latino community is the focus and why, for example, isn't the Hmong population being addressed? He was concerned that this approach could actually encourage disconnect. Hutton asked where is the demand coming from? Jante replied Health & Human Services, school districts, alternative schools such as Lad Lake, and Latino organizations.

MOTION: Rolfs moved, second by Meyer to approve Ordinance 162-O-099. Motion carried 5-2. Hutton and Singert voted no.

**Ordinance 162-O-100: Modify Waukesha County University Of Wisconsin Extension Office 2008 Budget To Appropriate Funding Received From The University Of Wisconsin System To Subcontract For The Hunger And Food Insecurity Project**

Haukohl said this involves the same budgeting issue as the above ordinance whereby previously accepted State grant funds, totaling \$21,293, lapsed into a separate revenue fund. Said funds need to be appropriated in UW-Extension's budget in order to accomplish Phase II of the project. Jante said Phase I funds were used to administer a school survey to determine food hunger issues in 17 elementary schools in the City of Waukesha. Jante distributed a sample of the survey. Phase II of the

project involves working with the Waukesha County Nutrition Coalition to do one-on-one interviews with individuals that utilize the various food programs in Waukesha County such as WIC, the elderly nutrition sites, etc. and address any needs.

Haukohl and Tortomasi said they would be interested in knowing the survey results and recommendations. Jante noted the target date for the press conference is April 1. She will advise them as to when it is to be presented to the Coalition.

MOTION: Heinrich moved, second by Meyer to approve Ordinance 162-O-100. Motion carried 6-1. Singert voted no.

**Ordinance 162-O-101: Accept Pre-Disaster Mitigation Planning Grant Funds From The Federal Emergency Management Agency And Modify The 2008 Emergency Management Budget To Appropriate Grant Revenues And Expenditures**

Tuma said this federal grant, totaling \$47,982, will be used to contract with a third party for the All Hazards Mitigation Plan. The plan identifies hazards that could affect life, safety, property, and environmental preservation, and it identifies ways to minimize or eliminate the impact should these events occur.

MOTION: Heinrich moved, second by Tortomasi to approve Ordinance 162-O-101. Motion carried 7-0.

**Ordinance 162-O-105: Use Available General Fund Undesignated Fund Balance To Reduce Debt Borrowing In The 2008 Capital Budget**

Cummings distributed information on fund balance. Cummings believes there are sufficient funds to reduce debt borrowing for the 2008 capital budget by \$2 million from \$12 million to \$10 million. This debt funding reduction is replaced by an increase in use of General Fund balance of \$2 million. End of year estimates of 2007 and 2008 General Fund balances are projected to be above the County's target of 15% of General and Special Revenue fund expenditures. The use of \$2 million with adoption of this ordinance should bring the General and Special Revenue fund balance as a percent of expenditures closer to the acceptable range of the 15% goal. This ordinance does not change capital expenditures.

By reducing the debt issue to \$10 million, it will allow banks to bid on the issue at lower interest rates due to favorable tax treatments for government debt issues of \$10 million or less in a year. It is estimated this would result in savings of \$48,000 to \$100,000 in interest over the 10 year life of the issue. Also the reduction in borrowing by \$2 million less in principal payments results in almost \$800,000 less in interest payments over the ten year life of this issue using an estimated interest rate of 4%.

MOTION: Hutton moved, second by Tortomasi to approve Ordinance 162-O-105. Motion carried 7-0.

**Capital Projects Cost Performance Report and Approve Closeout Reserves**

Witkowski discussed her annual report entitled "Capital Projects 2007 Year-End Report" which included information on project title, project status, percent complete, original and current appropriations, and balance. Witkowski noted there are no projects this year requiring any reserved funds.

The committee recessed at 11:33 p.m. and reconvened at 12:16 p.m. Rolfs returned at 12:20 p.m. Heinrich did not return for the remainder of the meeting.

**Ordinance 162-O-102: Amend 2008 Sheriff's Department Budget Expenditure Of Seized Funds – Participant Distribution – February, 2008**

Marks, Giese, Koth, and Severson were present to discuss this ordinance as outlined. Approximately \$38,848 in seized funds will be distributed to participating Metro Drug Unit police agencies.

MOTION: Singert moved, second by Hutton to approve Ordinance 162-O-102. Motion carried 6-0.

Rolfs returned at 12:20 p.m.

**Ordinance 162-O-103: Expenditure Of Seized Funds Amend 2008 Sheriff's Department Budget Multiple Expenditure Requests**

It was noted that the Judiciary Committee amended this ordinance at the request of Sheriff Trawicki. Item #21 (furniture) was removed from the list. This resulted in a decrease of \$7,500 bringing the grand total to \$251,217. Staff went on to review the asset forfeiture request list as outlined and as questions were posed by committee members.

MOTION: Tortomasi moved, second by Hutton to approve Ordinance 162-O-103. Motion carried 6-0.

**Approve Petty Cash Request by the Sheriff's Department**

Koth said the Sheriff's Department currently maintains a \$300 petty cash balance in its Records Section cash register that services citizens posting bail and paying fines. This register is open seven days a week, 24-hours per day. Many customers use cash to make payments and the Department often has difficulty maintaining sufficient change, especially on weekends. They are requesting an increase of \$250 for this register to maintain sufficient change and meet customer needs.

MOTION: Singert moved, second by Hutton to approve the petty cash request for the Sheriff's Department. Motion carried 6-0.

**Fund Transfer 2008-203110-2: Sheriff's Department – Transfer Funds from Operating Expenses to Fixed Assets**

Marks advised they are asking to transfer \$6,000 to purchase an industrial food chopper which will enable them to maintain low meal costs. Funds are available as the new food service contract resulted in a reduction in meal costs. Koth said they will be going through the Purchasing Division to get the best price.

MOTION: Singert moved, second by Hutton to approve Fund Transfer 2008-203110-2, Sheriff's Department. Motion carried 6-0.

Singert and Hutton left the meeting at 12:33 p.m.

**Ordinance 162-O-104: Authorize Property Insurance Through The Local Government Property Insurance Fund**

Stauffer was present to discuss this ordinance. Every local unit of government in Wisconsin may insure its property through the Local Government Property Insurance Fund. The Fund insures the local

unit of government upon receipt of a certified copy of a resolution authorizing insurance with the Fund. During a recent internal audit of the Fund's underwriting records, it was discovered that local authorizing resolutions were not in the permanent files. The County Code requires that action of this type be by ordinance rather than by resolution. The Fund will place this ordinance in its permanent underwriting files for the State Auditors who periodically examine the Fund's operation for compliance with state law.

MOTION: Rolfs moved, second by Meyer to approve Ordinance 162-O-104. Motion carried 4-0.

#### **4<sup>th</sup> Quarter Report on Claims and Worker's Compensation**

Stauffer and Jenks distributed copies of their report entitled "Waukesha County Worker's Compensation 2003-2007 Claims History Summary" and "Waukesha County Claims History 2003-2007."

Regarding worker's compensation, Jenks said 25 claims opened in the 4<sup>th</sup> quarter, however, this is five less than the number of claims opened during the 3<sup>rd</sup> quarter. A total of 125 claims were opened in 2007 and at year-end, 37 remained open. The total incurred at year-end was \$496,605. Jenks went on to review some of the larger claims that opened and closed during 2007.

Regarding general liability, Stauffer indicated 37 claims were opened in 2007 and at year-end 11 claims remained open and the total incurred was \$22,841. A total of 22 auto liability claims were opened, 6 remained open, and the total incurred was \$24,823. Stauffer said 34 auto physical damage claims were opened, 9 remained open, and the total incurred was \$90,461. A total of 27 property damage claims were opened, 18 remained open, and the total incurred was \$121,327. Stauffer reviewed some of the larger claims that opened and closed during 2007.

MOTION: Rolfs moved, second by Tortomasi to accept the 4<sup>th</sup> quarter report on claims and Worker's Compensation. Motion carried 4-0.

#### **Closed Session**

MOTION: Rolfs moved, second by Tortomasi to go into closed session at 2:09 p.m. pursuant to State Statutes 19.85 (1)(g) to confer with legal counsel regarding strategies for litigation in which the County is currently involved entitled M. Kubiak vs. Waukesha County, and R. Crowder, Worker's Compensation cases, and to approve the closed session minutes of October 19, 2007. Motion carried 4-0.

MOTION: Rolfs moved, second by Meyer to return to open session at 2:43 p.m. Motion carried 4-0.

MOTION: Rolfs moved, second by Meyer to adjourn at 2:43 p.m. Motion carried 4-0.

Respectfully submitted,

Approved on: \_\_\_\_\_

Pamela Meyer  
Secretary