

Minutes of the Finance Committee

Wednesday, June 17, 2009

Chair Haukohl called the meeting to order at 8:30 a.m.

Present: Supervisors Pat Haukohl (Chair), Bill Zaborowski, Jean Tortomasi, Jim Heinrich, and Pamela Meyer. Steve Wimmer and Rob Hutton arrived at 8:31 a.m. Hutton left the meeting at 11:30 a.m.

Also Present: Chief of Staff Mark Mader, Legislative Policy Advisor Ann Olson, Senior Financial Analyst Bill Duckwitz, Administration Director Norm Cummings, Budget Manager Keith Swartz, County Board Supervisor Duane Paulson, Collections & Business Services Manager Sean Sander, Parks & Land Use Director Dale Shaver, Enterprise Operations Manager Andy Thelke, Emergency Preparedness Director Rich Tuma, Emergency Management Coordinator Bill Stolte, Senior Financial Analyst Lyndsay Johnson, Business Manager Betsy Crosswaite, Waukesha Metro Transit Director Bob Johnson, Waukesha Metro Transit Deputy Director Andrew Johnson, Wisconsin Coach Lines Vice President Tom Dieckelman, Budget Specialist Linda Witkowski, Risk/Purchasing Manager Laura Stauffer, Community Development Coordinator Glen Lewinski, Aging & Disability Resource Center Director Cathy Bellovary, and Nutrition Services Supervisor Mary Smith. Recorded by Mary Pedersen, County Board Office.

Approve Minutes of 5-20-09

MOTION: Heinrich moved, second by Zaborowski to approve the minutes of May 20th. Motion carried 5-0.

Schedule Next Meeting Dates

July 8th.

Wimmer and Hutton arrived at 8:31 a.m.

Fund Transfer 09-042000-01: County Clerk – Transfer Funds from Interdepartmental Expenses to Personnel Expenses

Duckwitz was present to discuss this issue which involves transferring \$15,400 to cover estimated above-budget temporary extra help costs. According to the County Clerk, higher than budgeted temporary extra help is needed for staffing coverage in the Elections and Licensing program areas, mostly due to a vacancy in the clerical position shared with the Treasurer's Office. This transfer will fund nearly 0.5 FTE of temporary extra help. To answer Haukohl's question, Cummings said the County Clerk prefers using temporary extra help and the Treasurer does not feel the need to fill this position either.

MOTION: Tortomasi moved, second by Wimmer to approve Fund Transfer 09-042000-01, County Clerk. Motion carried 7-0.

2010 Budget Kickoff Information and Assumptions

Cummings and Swartz were present to discuss this issue whereby copies of "2010 Budget Kick-Off – Riding Out the Storm" were distributed. Cummings said he does not believe this current

recession will affect the County as much as the recession of the 1980's. However, commercial properties will be affected and we will see major budget impacts at the State level. Our budget will be much more stable than in the 1980's because of safeguards we have put in place since then. We have tightened budgets all over the County so Health & Human Services won't be too heavily impacted, same with Justice & Law Enforcement. Staff reviewed the County's budget philosophy and 2010 levy targets for Justice & Public Safety; Health & Human Services; Public Works; Parks, Environment, Education & Land Use; and General Administration.

Swartz said estimated state budget impacts include Health & Human Services revenue losses totaling \$1.2 million, less than originally thought. We can expect to see a total impact on Health & Human Services of about \$1.7 to \$1.95 million, before calculating inflationary costs for maintaining existing services. We are also expecting general transportation aids reductions to total about \$170,000 and state shared revenues losses of about \$200,000. Other economic recession impacts include an estimated loss of real estate related fees (Register of Deeds and Parks & Land Use) totaling \$850,000, investment earnings losses of \$250,000, and a reduction in user fees (Sheriff, Parks, Clerk of Courts, H&HS) totaling \$250,000.

Personnel costs will increase about 2%. Energy conservation efforts are being made to reduce utility costs and fuel costs will stabilize at 2009 budget levels. There will be a reduced tax levy need for the capital budget in the short term totaling \$950,000. The Debt Service plan will reflect 2009 reduced borrowing of \$8 million versus a budget of \$10 million and the levy increase will be limited to only \$130,000.

Swartz said department heads were given a list of ways to reduce future budget impacts. Staff have been asked to identify investment opportunities that have base budget returns on investment and paybacks. In addition, they will continue to streamline and re-engineer operational processes. Service charge rates will need to keep pace with service cost increases. Staff will embark on internal and external shared service collaborations with public and private sector partners. They have also been asked to look into consolidating service delivery methods to improve efficiencies.

Golf Course Fiscal Overview

Shaver and Thelke were present to discuss this issue as outlined in their handout which detailed the County's three golf courses (Wanaki, Moor Downs, and Nagawaukee) and operating expenditures for 1999 through 2008. Thelke said the total number of rounds played in 1999 was significantly greater than in 2008. He noted that 2008 was one of the worst years for golf due to a late start in the season and cold weather. Personnel costs increased \$168,000 over this period, or 1.9% annually. Thelke said it was important to keep in mind that in 1999 the golf courses were not paying unemployment costs. As of 2008 they are paying about \$40,000 in unemployment compensation, a policy which began in 2004. Operating expenses increased \$228,000, or 3.7% annually. This is primarily due to computerization, and a change in the way they account for fixed assets. Thelke indicated there were 39,000 18-hole rounds in 2008 and at the end of May of 2009 we were up 1,098 at Moor Downs, 971 at Nagawaukee, and 2,710 at Wanaki – not ideal but still a significant improvement. In 1999, Moor Downs had an operating income of \$47,800 and 9-hole rounds totaled 34,325. This compares to 2008 which showed a loss of \$186,000 and 9-hole rounds totaled 18,500. To answer Haukohl's question, Thelke said the current Golf Course Fund balance is roughly \$900,000.

Zaborowski asked if eliminating Moor Downs would allow the Golf Course Fund to at least break even. He said one possibility would be leasing the land for revenues. Shaver said closing the course would be a policy decision. However, there would still be costs for maintaining the land if it remained County property, whether it became a park, was left vacant, etc. Shaver said a park would become a cost and in his opinion would be a foolish business decision. It shifts the cost from being managed to being a pure cost burden. He did not think the golf courses were in any kind of crisis. Wimmer asked if we closed Moor downs, could we actually be worse off financially whereby Thelke said yes.

Hutton felt it was important to look at Moor Downs on a cash flow basis because of how this is reported financially. We are showing losses in years where we may also be seeing cash flow increases. He noted the golf courses are still self-funded and he would be opposed to using any taxpayer dollars.

Thelke distributed a comparison on the two 18-hole courses, Nagawaukee and Wanaki, from 2003 to 2008 on indirect cost allocations, management services payments, and annual income before depreciation. The subtotal of profit before depreciation was \$292,938. Even after a disappointing 2008, the profit before depreciation was \$110,827. Thelke advised the two 18-hole golf courses do provide sufficient cash flow to maintain operations and in most years, it pays for depreciation and the replacement of assets.

As an example of a privately owned golf course for comparative purposes, staff distributed information on New Berlin Hills Golf Course including revenues and payments to the City of New Berlin and 2008 County courses revenues and payments for indirect and management services. Net 2008 revenues for New Berlin Hills totaled \$1,190,776; for Nagawaukee \$1,434,430, Wanaki \$916,251, and Moor Downs \$286,971. Total revenues for all county courses were \$2,637,652. The net income before depreciation for New Berlin Hills was \$156,061; for Nagawaukee \$197,644, Wanaki (\$86,817), and Moor Downs (\$165,697). The net income before deprecation for all county courses was (\$54,869). Sander noted that New Berlin Hills is an 18-hole course so it has more revenue potential than Moor Downs, a 9-hole course. Moor Downs is a popular course for beginners and seniors. Shaver said for the 18-hole courses, we are still matching or beating the total revenue picture. New Berlin Hills has a full service restaurant which accounted for \$301,169 in revenues for 2008. From an operational standpoint, ours are better than New Berlin Hills. Shaver is not advocating for restaurants at the County's golf courses. Also, New Berlin Hills is required to make certain payments to the City of New Berlin. In addition, they do not own the clubhouse and they do not charge themselves for depreciation.

Ordinance 164-O-024: Accept Homeland Security-Urban Area Security Initiative FY2006 Program Funding And Modify The Emergency Preparedness 2009 Budget To Appropriate Grant Revenues And Expenditures For Personal Protective Equipment

Tuma discussed this ordinance which would allow them to accept \$7,000 in returned federal Homeland Security Funding from the 2006 Milwaukee Area Urban Area Security Initiative allocation. The grant will be used to purchase additional medical supplies to protect first responders and prevent cross-contamination of patients during a public health or other medical emergency. This includes approximately 1,200 respirator masks at \$950, approximately 5,100 surgical masks at \$1,900, hand sanitizer at \$3,150, and various sanitizing wipes and sprays at \$1,000.

MOTION: Tortomasi moved, second by Wimmer to approve Ordinance 164-O-024. Motion carried 7-0

Annual Report on Transit Routes and Contracts with City of Waukesha

A. Johnson, B. Johnson, and Crosswaite were present to discuss this issue and copies of “Waukesha County Financial and Statistical Report, Post-Audit December, 2008” were distributed. B. Johnson advised that revenues come from a variety of sources including the fare boxes, state and federal aids, and grants and Waukesha County funds 21.3%. For 2008, the transit system did come in slightly over budget for the local share, as projected, primarily due to high fuel costs. In 2008, there were 1,560,398 passengers compared to 2007 when there were 1,527,749 passengers. Of that total, 718,084 were Waukesha County transit rides and this compares to 712,929 rides in 2007, an increase of 0.7%. B. Johnson added that Route 9 was discontinued in January of 2008. He went on to review 2007 and 2008 statistics for each of the routes as outlined in the handout. The 2008 total investment per ride increased to \$4.44, or 9.6% from 2007. B. Johnson said ridership is down so far in 2009 for both the City and County systems, primarily due to the economy but also because fuel costs have gone down and some people are choosing to drive their cars again.

MOTION: Wimmer moved, second by Heinrich to accept the annual transit report. Motion carried 7-0.

Review Correspondence

Haukohl said the 14th Annual Waukesha County Executive Awards Program will be held on October 7th. She advised an all-day budget review meeting of the Finance Committee is scheduled that day so it may be rescheduled to accommodate anyone who wishes to attend the awards program.

Announcements

Tortomasi said the bids for the new dispatch system went out on May 18th. The committee, consultant, and Purchasing staff met with the 16 or 18 different vendors at the end May to answer questions, etc. Vendors were given 60 days to reply.

Chair’s Executive Committee Report of 6-1-09 & 6-15-09

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

- Heard an update on capital projects, many of which are IT related, including countywide cashiering.
- Reviewed the internal audit scopes for Community Development Block Grant, countywide cashiering, and the Health & Human Services billing system, the latter of which will be contracted.
- Approved the ordinances and appointments that were included in the yellow packet.
- Heard an update on a grant-funded FEMA training workshop attended by numerous county officials and staff.

Hutton left the meeting at 11:30 a.m.

Worker’s Compensation Claims Third Party Administrator (TPA) Status

Stauffer said our TPA contract with Cambridge was effective January 1, 2009. Stauffer said she was recently informed by Cambridge that they had been bought out by another company and

because of various problems she encountered during this process, we will be switching to HRH, the second highest rated vendor during the last RFP process.

Ordinance 164-O-025: Reauthorization Of Self-Insurance

Stauffer discussed this issue as outlined in the ordinance as required by State Statutes which allows for exemptions from the State's insurance requirements if certain conditions are met for self insurance. Each year we are required to submit a self insurance update to the State of Wisconsin and as part of that process, we have to sign an agreement that we will handle our worker's compensation claims in accordance with the law. In addition, every third year we are required to provide them with evidence that a governing board wants to continue self insurance. Stauffer noted that this same ordinance is brought forward every three years.

MOTION: Heinrich moved, second by Meyer to approve Ordinance 164-O-025. Motion carried 6-0.

Ordinance 164-O-022: Accept And Appropriate Funds Under Title III Of The Housing And Economic Recovery Act 2008 (HERA) Neighborhood Stabilization Program From The Wisconsin Department Of Commerce

Lewinski discussed this ordinance which authorizes Waukesha Community Development as the lead applicant to accept and appropriate \$1,312,575 of funding from the State of Wisconsin into the 2009 Community Development budget. The U.S. Department of Housing and Urban Development provided Neighborhood Stabilization program funding under the Housing and Economic Recovery Act of 2008.

The State approved three eligible projects submitted by Waukesha County. The county will receive \$9,550 for administration, the City of Waukesha \$904,200, Wisconsin Partnership Housing Development, Inc. \$247,250, and Movin Out, Inc. \$151,575. The projects include the purchase of the foreclosed YWCA property in Waukesha for future development of an 11-16 single-family owner-occupied workforce homes, purchase/ rehabilitate and resell existing foreclosed properties to low and moderate income households, and purchase/rehabilitate and rent existing foreclosed properties to persons with disabilities seeking independent living as sites to be determined.

MOTION: Wimmer moved, second by Tortomasi to approve Ordinance 164-O-022. Motion carried 6-0.

Ordinance 164-O-023: Accept And Appropriate Funds Under The Community Development Block Grant – American Recovery And Reinvestment Act Of 2009 (CDBG-R) Public Law III-5 (Recovery Act) And Create A New Capital Project – 200916 Expo Remodel For Home-Delivered Meal Program

Lewinski, Bellovary, Smith, and Thelke were present to discuss this ordinance which allows Community Development to accept additional funding estimated at \$392,451. Of this amount, CDBG will execute an agreement with the City of Waukesha to distribute \$114,887 and Waukesha County will retain \$277,564. The ordinance also creates a new capital project #200916 Expo Remodel for the Home Delivered Meals Program, with an expenditure budget of \$252,300.

Thelke explained the project in detail. Funds will be used to renovate and upgrade the kitchen facilities in the Forum Building North Hall and Arena to help serve the needs of the Aging &

Disability Resource Center's Home Delivered Meals packaging and distribution operations. The funding will also be used to repair the roof at the North Hall building, upgrade energy efficient lighting, improve building accessibility, and make HVAC improvements and kitchen equipment upgrades and building repairs. Energy efficient lighting upgrades are expected to have a five-year payback. The remaining allocation of \$25,264 includes \$22,738 for Parks & Land Use project management and County indirect cost recovery, and \$2,526 for CDBG reporting. Smith said this will allow the ADRC to consolidate the number of distribution sites in the City of Waukesha from three to one. This is also expected to facilitate a future consolidation of dining sites yet to be determined. Smith and Bellovary explained the consolidations in further detail.

MOTION: Heinrich moved, second by Zaborowski to approve Ordinance 164-O-023. Motion carried 6-0.

Future Agenda Items

- Review State Budget Impacts (Haukohl)
- Update on the Voluntary Leave Program (Hutton)

MOTION: Heinrich moved, second by Wimmer to adjourn at 12:01 p.m. Motion carried 6-0.

Respectfully submitted,

Approved on: _____

Pamela Meyer
Secretary