

## **Minutes of the Finance Committee**

**Wednesday, September 16, 2009**

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

**Present:** Supervisors Pat Haukohl (Chair), Bill Zaborowski, Jim Heinrich, Steve Wimmer, and Jean Tortomasi. Rob Hutton arrived at 9:20 a.m., left at 9:35 a.m., and returned at 10:30 a.m.

**Absent:** Pamela Meyer.

**Also Present:** Chief of Staff Mark Mader, Budget Specialist Linda Witkowski, Information Systems Manager Mike Biagioli, Administration Director Norm Cummings, Collections & Business Services Manager Sean Sander, Clerk of Circuit Courts Kathy Madden, Register of Deeds Jim Behrend, Public Works Interim Director Allison Bussler, Labor Relations Manager Jim Richter, Aging & Disability Resource Center Director Cathy Bellovary, Nutrition Services Supervisor Mary Smith, Senior Financial Analyst Steve Krafcheck, and Parks System Manager Duane Grimm.

### **Approve Minutes of 9-2-09**

MOTION: Tortomasi moved, second by Zaborowski to approve the minutes of September 2. Motion carried 5-0.

### **Schedule Next Finance Committee Meeting Date(s)**

- October 7 at 8:00 a.m. (please note time change).

### **Meeting Approvals**

MOTION: Tortomasi moved, second by Wimmer to approve expenses associated with the County Executive's Awards Luncheon on October 7. Motion carried 5-0.

### **Review the Following Capital Projects as Outlined in the 5-Year Capital Projects Plan: a) Item 45 – Financial Operations & Management System; b) Item 46 - Register of Deeds Tract Index; c) Item 6– Courthouse Future Study; d) Item 7 – Health & Human Services Building; e) Item 8 – District Attorney Office Space Renovation; and f) Item 9 – Energy Efficiency and Conservation Federal ARAA Grant**

This phase of the Financial Operations and Management System capital project (Item 45) will fund the selection process, acquisition of the selected application suite, and all related hardware/software to replace the County's Oracle Government Financials environment. Cummings said they were concerned if we stayed with Oracle we would be forced to upgrade with them without being able to explore other options. A Plante Moran study recommended the County migrate from the "Tier 1" Oracle system to a more cost effective "Tier 2" financial application suite. The new system will be implemented in 2011 for use in 2013. Cummings indicated this is a big undertaking. It will probably change the way we do business but these changes will result in a return on our investment. Using the projected costs for replacing the financial application suite with a "Tier 2" product, the initial cost would be \$1,912,000 with an annual maintenance agreement (initiating in 2013) of \$212,000, and a 5% increase in costs added each year for the life of the software. Using Net Present Value analysis, the "Tier 2" product would begin a return on investment in the ninth year

versus the Oracle option which would not reach breakeven for the life of the software. Haukohl asked if they were confident this was a good cost estimate. Cummings and Biagioli both said yes.

The Register of Deeds tract index replacement capital project (Item 46) is being initiated in conjunction with Administration and the County cashiering capital project. Because documents are received and assigned document numbers in the cashiering application, it is crucial that the cashiering application and the tract index application be able to share this data. Information Systems had suggested the current tract index system be replaced by an outside vendor as the current system is expensive, time consuming, and labor intensive. Annual maintenance costs are estimated at \$25,000 to \$45,000 based on estimates from vendors and a 1% of initial cost rule-of-thumb estimate. Haukohl noted that an additional \$56,500 was added for implementation in 2010. Biagioli indicated the vendor that was awarded the contract has an optional Public Access Software Module that will be evaluated and considered for possible replacement of the existing on-line system currently used by the County. This analysis will follow the implementation of the base/care tract index system.

Hutton arrived at 9:20 a.m.

Cummings said the Courthouse future study capital project (Item 6) was moved up one year (\$250,000 for 2011) basically because the County will be borrowing quite a bit of money in 2012 and this will allow the County a “financial breather year.” Because the remodeling will be so significant, the County will save about \$7 million by moving Courthouse staff out of the Courthouse during remodeling and into the vacant Human Services building before the majority of it is razed. Because we moved the Human Services building project up one year, we moved the Courthouse study up one year as well. Regardless of what options are chosen, remodeling or rebuilding, significant dollars for this project will be needed starting around 2015.

Hutton left the meeting at 9:35 a.m.

Cummings referred to the financial “breather year” and believes we can limit borrowing in 2014 to a \$10 million issue versus \$14 million and \$18 million in prior years.

A total of \$250,000 is budgeted for 2010 for budget and concept purposes for a new Human Services building (Item 7). Cummings said a portion of the old Human Services building will need to remain due to its historical value which includes the main entrance area. It is possible that non-profits could lease this space but exactly what should be done with this area will be explored more at a later time. Haukohl felt this detail should be included on the Human Services Building capital project sheet.

Bussler explained the Energy Efficiency and Conservation Federal ARAA Grant (Item 9) totaling \$1,651,900. A majority of the grant is for parks projects although there are a few public works projects. This includes interior and exterior lighting at the Expo, dehumidification systems at Eble and Nagawaukee Ice Arenas, geo-thermal renewable energy at Retzer, LED street lighting, etc. To answer Haukohl’s question, Bussler said ARAA grant funds for Retzer will enhance the already-established project for Retzer. She added it is the same project but this is additional funding which is needed because the project will cost more than was originally anticipated.

**Review Revenue Sources as Listed on Page 2 of the 5-Year Capital Projects Plan Spreadsheet**

Cummings said they knew there would be some big borrowing years because of the Human Services Building and the Courthouse projects, not to mention the economy and state budget cuts. The 2010 budget will include about \$600,000 in levy normally used for capital projects that will be used for the operating budget. Register of Deeds money will probably be down about \$1 million this year and next year. Investment income is down about \$500,000 this year and we have reduced it for next year about \$450,000. He said these revenue sources will return so we are taking \$600,000 in levy effort, we had \$3 million of levy effort in this year's budget for capital, and reduce it to \$2.4 million. Cummings said the \$600,000 in levy will be put back in 2012 because he believes the Register of Deeds revenues and investment income will return. Cummings said we borrowed \$2 million less this year in anticipation of big years ahead. We are preparing for this and getting in good shape to get to those years. Cummings explained the revenues sources identified in the 2010-2014 capital projects plan for Land Information Systems, Radio Services, End User Technology, State Shared Revenue, federal stimulus grants, etc. and for what projects they will be utilized.

**Ordinance 164-O-042: Modify The 2009 Transit Service Budget And Authorize The Purchase Of Vehicles For The Van Pool Program**

Bussler explained this ordinance which involves adding additional transit for the Westridge Drive area. Federal stimulus dollars were applied for and subsequently approved. The County will receive \$200,000 to buy eight vans for a pilot van pool project, a concept that was adopted in the 2009 budget. The County will contract with Waukesha Metro Transit to administer the program.

MOTION: Zaborowski moved, second by Heinrich to approve Ordinance 164-O-042. Motion carried 5-0.

Hutton returned at 10:30 a.m.

**Ordinance 164-O-044: Employee Retention/Severance Salary And Benefits For 2010**

Richter said this ordinance comes forward each year and is exactly the same as the one passed last year. In the course of developing the 2010 proposed budget, positions may be abolished or funding reduced for various departments. This ordinance authorizes a benefit program for County employees laid off through the end of 2010. It does not cover employees who terminate their employment voluntarily prior to their layoff, or who accept employment in another County position or who decline an employment offer. Richter went on to discuss the provisions which involve severance pay, health insurance continuation, and enrollment in the Tuition Assistance Program. The \$35,000 severance/retention appropriation in the 2009 budget was more than sufficient in providing benefits to qualified employees and \$35,000 will be budgeted for 2010 as well.

MOTION: Tortomasi moved, second by Wimmer to approve Ordinance 164-O-044. Motion carried 6-0.

**Ordinance 164-O-043: Modify The ADRC Nutrition Fund 2009 Budget To Accept American Recovery And Reinvestment Act Stimulus Funding Allocation For The Nutrition Program**

Bellovary and Smith discussed this ordinance as outlined which involves accepting \$61,172 in federal stimulus funds: \$33,737 for the congregate meals program and \$27,435 for the home

delivered meals program. Some of the funds will be used to purchase shelf-stable meals for emergency purposes and some will be carried over to be used in 2010 for these two programs.

MOTION: Wimmer moved, second by Tortomasi to approve Ordinance 164-O-043. Motion carried 6-0.

**Ordinance 164O- 041: Best Property Acquisition**

Grimm distributed accompanying information including budget figures and a map of the area. The property is north of Menomonee Park and adjacent to Camp Pow Wow. It includes approximately 80 acres: about 10 acres contains a residence which will be sold by the Best Trust while the remaining 70 acres (approx.) would be acquired by the County. The area is mostly zoned wetland and includes significant glacial domes, unique sugar maple woods, clear water ponds, and artesian springs. This sale is contingent upon granting a permanent utility easement to allow existing utilities to cross Waukesha County property and to provide access along Townline Road for future utilities. To answer Wimmer's question, a portion of the southeastern side of the property can be utilized in the future for trails, educational opportunities, etc.

The County will purchase the land for \$390,000 plus additional expenses associated with the purchase which are estimated at \$7,400. This ordinance appropriates \$152,400 in additional Tarmann Fund Balance to fund \$145,000 in higher Fixed Asset expenditure authority and \$7,400 in higher operating expenditure authority, due to this land purchase's estimated costs exceeding the current Fixed Asset and Operating expenditure appropriation budget by approximately \$152,400. Grimm indicated the County received appraisals for \$390,000 and \$217,000. The Trust wanted considerably more but agreed to \$390,000. The department may be eligible to receive Stewardship Grant Reimbursement in the future for up to half of the land purchase price.

Hutton had concerns with the price of the land considering the current market and development potential. Zaborowski expressed similar concerns.

MOTION: Heinrich moved, second by Wimmer to approve Ordinance 164-O-041. Motion carried 4-2. Hutton and Zaborowski voted no.

**Future Agenda Items**

- Discuss the Importance of Adequate Fund Balance and Solid Financial Management Policies for Maintaining our Bond Ratings (Cummings)

MOTION: Tortomasi moved, second by Heinrich to adjourn at 11:40 a.m. Motion carried 6-0.

Respectfully submitted,

Pamela Meyer  
Secretary