

Minutes of the Finance Committee

Wednesday, February 22, 2017

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

Present: Supervisors Jim Heinrich, Tim Dondlinger, Tom Michalski, Richard Morris, and Duane Paulson. Steve Whittow arrived at 8:24 a.m. **Absent:** Ted Wysocki.

Also Present: Chief of Staff Mark Mader, Business Manager Lyndsay Johnson, Inspector Jim Gumm, Business Manager Betsy Forrest, Highway Operations Manager Pete Chladil, Administration Director Norm Cummings, Vice President of Springsted Joe Murray, Budget Management Specialist Bill Duckwitz, Principal Financial Projects Analyst Bob Ries, Accounting Services Manager Larry Dahl, Medical Examiner Dr. Lynda Biedrzycki, Office Services Coordinator Nicole Bauer, Administrative Services Manager Randy Setzer, Accounting Services Coordinator Will Emslie, Budget Manager Linda Witkowski, and Senior Financial Budget Analyst Clara Daniels. Recorded by Beth Schwartz, County Board Office.

Approve Minutes of January 18

MOTION: Michalski moved, second by Dondlinger to approve the minutes of January 18. Motion carried 5-0.

Next Meeting Date

- March 8

Chair's Executive Committee Report of February 20

Heinrich highlighted the following items discussed at the last Executive Committee meeting.

- Discussed the Financial Management Information System operations audit and the audit scope for the Sheriff's Department.
- Heard updates on the Fire Department Study, information technology projects, the Wisconsin Counties Association Legislative Exchange, Regional Transit Leadership Council Executive Committee, and Wisconsin Workforce Development Association Board.
- Approved three appointments.
- Heard standing committee reports.

Ordinance 171-O-079: Authorize The Waukesha County Sheriff's Department To Contract With The State Of Wisconsin Department Of Transportation To Provide Traffic Enforcement Services And Modify The 2017 Sheriff's Department Budget For The Contract

Gumm and Johnson discussed this ordinance which authorizes the department to execute a contract with the State of Wisconsin Department of Transportation to provide additional traffic enforcement on Capitol Drive from Five Fields Road to Wethersfield Road during a State construction project beginning in April 2017 and concluding in December 2017. Due to the volume of traffic on Capitol Drive, additional police presence will insure safety and assist construction staff with traffic control for the project. The State contract will reimburse the department for personnel (mostly overtime) and vehicle expenses incurred to provide the additional traffic enforcement services up to \$79,450. Reimbursement rates include salary and fringe benefits of patrol and supervisory staff and vehicle costs for fuel and maintenance.

This ordinance modifies the department's 2017 budget to increase personnel costs by \$60,000 for approximately 1,000 hours of overtime (salary, social security and retirement) and increase interdepartmental charges from Central Fleet by \$3,000 for additional fuel and vehicle maintenance costs. Increased revenue of \$63,000 will fund these expenditures resulting in no impact to County levy. Remaining revenue, if earned, will fund existing 2017 base budget expenditures.

Michalski asked how that figure was determined. Johnson said the DOT has provided coverage estimates and many factors have been considered to decide on the rate. Paulson asked if most of the work will be done on overtime whereby Gumm answered in the affirmative.

MOTION: Whittow moved, second by Dondlinger to approve Ordinance 171-O-079. Motion carried 6-0.

Ordinance 171-O-078: Amend The 2017 Sheriff's Department Budget For The Expenditure Of Seized Funds To Participating Agencies In February 2017

Gumm and Johnson discussed this ordinance as outlined. The department annually distributes a share of Federal asset forfeiture seized funds to participating Metro Drug Unit agency communities based on their participation status at the time of each seizure. An amount not to exceed \$3,973 will be disbursed to the following agencies: City of Waukesha (\$835); City of New Berlin (\$826); City of Brookfield (\$826); Village of Menomonee Falls (\$826); City of Muskego (\$165); Village of Hartland (\$165); Village of Pewaukee (\$165); and Village of Elm Grove (\$165). This ordinance results in no additional direct tax levy impact in 2017.

MOTION: Whittow moved, second by Michalski to approve Ordinance 171-O-078. Motion carried 6-0.

Ordinance 171-O-077: Modify The 2016 Transportation Fund Budget For Additional State Discretionary Maintenance Work And County Traffic Signal Repair

Forrest and Chladil were present to discuss this ordinance which appropriates an additional \$250,000 to the Transportation Fund in 2016 to cover above-budget expenses related to maintenance of state highways and repair of traffic signals on county highways. These expenses include pavement repair work on state highways that the department performed through a Discretionary Maintenance Agreement (DMA) with the Wisconsin Department of Transportation (WisDOT). DMA expenses totaled about \$241,000, with \$220,000 for materials such as crack filler. The remainder of the \$241,000 consists of labor and equipment expenses which are covered in the existing base budget. Staff indicated that level of work required was not known until the fourth quarter of 2016. Similar to the normal Routine Maintenance Agreement (RMA), WisDOT reimburses the County for all costs related to state highway projects. These reimbursement revenues, included in the ordinance to offset costs, were not included in the 2016 adopted budget. In addition, the cost for repairing traffic signals damaged in vehicle accidents is over budget by about \$30,000 in 2016. This ordinance also includes an additional \$30,000 of reimbursement revenues that the department received for some repairs to cover these above budget repair costs. This ordinance results in no additional tax levy impact.

MOTION: Morris moved, second by Paulson to approve Ordinance 171-O-077. Motion carried 6-0.

Ordinance 171-O-082: Authorize The Issuance Of Not To Exceed \$10,000,000 General Obligation Promissory Notes For Capital Projects

Duckwitz distributed supporting information. Cummings and Murray discussed the County's issuance of \$10,000,000 in general obligation promissory notes to pay for capital projects included in the County's 2017 Capital Projects Plan. These include justice and law enforcement, public works, general administration, and parks, environment and education projects. Bids will go out this month and the sale date is scheduled for April 25, 2017. Murray said they are projecting a True Interest Cost (TIC) of 2.31% for a total of \$11,522,150 in principal and interest. Cummings said by bringing down the outstanding debt each year, the County will remain fiscally healthy. The County has never gone beyond 10 years in borrowing which contributes to the triple A bond ratings. Interest rates have remained between 2.35-2.5%. In answering Morris' question about refinancing, Cummings said there is very little rate fluctuation and unless the savings is over \$100,000, refinancing is not feasible. A three-quarter vote is required for this ordinance to pass the County Board.

MOTION: Morris moved, second by Dondlinger to approve Ordinance 171-O-082. Motion carried 6-0.

Ordinance 171-O-081: Transfer Carryover Funds From 2016 Unexpended Appropriations To 2017 Budgeted Appropriations

Ries and Dahl discussed this ordinance which included information on department, amount approved, project description, and justification for the carry over. Staff are requesting that a total of \$2,464,599 be carried over from 2016 budgets into 2017 budgets to enable the purchase of goods and services that, for whatever reason, were not completed in 2016.

MOTION: Paulson moved, second by Whittow to approve Ordinance 171-O-081. Motion carried 6-0.

Year-end Investments Report

Ries reviewed this report including the highlights, investment yield, investment revenue, average daily balance, average investment rates, and the investment portfolios. Total interest earnings for the quarter were \$416,143, down \$146,449 from the 3rd quarter, due largely to a decrease of \$98,438 in realized gains on the sale of securities as compared to the prior quarter. Another factor was the average invested balance, which decreased \$51 million from the 3rd quarter, following the County's normal cash flow trend. The total return for the quarter was unchanged from last quarter, at 0.28%. For the year ending December 31, 2016, County investments returned 1.33% and the investment balance was \$177,990,464. Heinrich asked how the returns compare to what was budgeted for 2016, and Reis said the numbers were slightly lower than anticipated.

MOTION: Michalski moved, second by Dondlinger to accept the annual report on interest allocations. Motion carried 6-0.

Annual Report on Interest Allocations

Ries reviewed his reports titled "Summary of Current Interest Allocations," "Prior Interest Allocations," and "Analysis of Investment Income and Allocations – Fiscal Year 2016" which included information on the County fund to which the funds are allocated, how it was authorized, rationale, and if rescinded, when and why.

The majority of investment income, about 80%, goes into the Treasurer's General Fund to reduce the County tax levy. Funds are also allocated to Risk Management, Federated Library, Vehicle Replacement, golf courses and ice arenas, Clerk of Courts, Debt, capital projects, etc. The only change in 2016 was suspending interest to the Tarmann Fund. Michalski asked if there is an estimate for 2017. Reis said yes, in the budget book.

MOTION: Paulson moved, second by Whittow to accept the annual report on interest allocations. Motion carried 6-0.

State Legislative Update

Spaeth reported on several bills with large impacts in the County. One was the Civil Asset Forfeiture Reform bill, which would alter fundamental aspects of the current asset forfeiture practice, is moving through the legislature. Forfeitures would be tied to a criminal conviction and would have to be proportional to the offense. Also, all proceeds from forfeitures would go to Wisconsin schools funds. Sheriff Severson wrote a letter of non-support for this bill. Spaeth said many senators she spoke with were unaware that assets are often seized to de-incentivize the crime and break up well organized crime rings. Sheriff's Department programs rely on asset forfeiture money including tactical enforcement and computer forensics. The bill brings up a constitutional issue over due process. Spaeth also reported on the budget released earlier this month which included several expected items. Not included in the budget, however, was ESInet funding. As of now there are texting capabilities but without location data. Legislators have been invited to the County's dispatch center to view technology and discuss the necessity of ESInet funding.

Fund Transfer 2016-220-1 – Medical Examiner: Transfer Funds from Personnel Expenses to Operating Expenses

Biedrzycki and Bauer were present to discuss this fund transfer as outlined. Medical Examiner service costs for x-rays, toxicology and laboratory testing are over budget due to higher costs including higher x-ray costs related to increased rates with a new vendor and higher toxicology expenses associated with designer drug opiate testing. Personnel cost appropriations are below budget mainly due to staff vacancy and turnover savings.

Heinrich asked for clarification about needing to "go back to the beginning" to see what they originally missed in their testing. Biedrzycki said testing has not reached the procedure standards and strategies that exists for long established drug tests, so as of now they are not able to go back. Paulson asked if there is a deficit in the other counties. Biedrzycki said no because there are not enough cases from them annually to escalate their costs.

MOTION: Michalski moved, second by Whittow to approve Fund Transfer 2016-220-1, Medical Examiner. Motion carried 6-0.

Fund Transfer 2016-360-03: Health & Human Services – Transfer Funds from Personnel Expenses to Operating Expenses and Interdepartmental Charges

Setzer and Emslie were present to discuss this fund transfer as outlined. The department anticipates 2016 interdepartmental charges to exceed budget by \$40,000 or about 1%. This is mainly due to a greater than anticipated need for client transportation services provided by the Sheriff's Department and legal services provided by Corporation Counsel staff. Both areas have been increased in the 2017 budget to more accurately reflect service levels provided to the department. Staff estimate personnel cost expenses to be under budget by approximately \$126,000. This is largely due to staff

vacancy and turnover savings related to the retirement of several senior administrative and psychiatric staff, and temporarily holding positions vacant to generate additional savings to better manage budget appropriations. In addition, \$40,000 is requested to be transferred to operating expense appropriations to support the department as it continues to process year-end transactions. At this time, these funds are not expected to be needed. However, with year-end transactions still occurring, largely due to more complex cost reporting requirements, the transferred funds provide added support to process year-end activities. Remaining funds not needed by the department will still lapse to general fund balance.

MOTION: Paulson moved, second by Dondlinger to approve Fund Transfer 2016-360-03. Motion carried 6-0.

Ordinance 171-O-080: Accept Wisconsin Prescription Drug/Opioid Overdose-Related Deaths Prevention Project Grant, Create One Sunset Clinical Therapist Position, And Modify Department Of Health And Human Services 2017 Budget To Appropriate Grant Expenditures

Setzer and Emslie were present to discuss this ordinance which authorizes the Department to accept up to \$225,000 of Wisconsin Prescription Drug/Opioid Overdose (WI-PDO) prevention project grant funding from the State Department of Health Services for 2017. Expenditures will increase as follows: \$79,400 for 1.00 FTE clinical therapist position in the 24/7 crisis center; \$45,500 for Naloxone/Narcan drugs; \$41,200 for first responder training; \$39,600 for a part-time contracted registered nurse; \$10,100 for travel costs and conference fees; and \$9,200 for program supplies, training materials, and telephone/ computer equipment.

Whittow asked if the State will likely renew this annual grant. Setzer said renewal depends on allocation of funds at the Federal level. Michalski asked for clarification on the amount of Narcan given to the County with this grant. Setzer said in the second year of the grant the County can expect to see an increased amount of Narcan.

MOTION: Paulson moved, second by Morris to approve Ordinance 171-O-080. Motion carried 6-0.

MOTION: Whittow moved, second by Dondlinger to adjourn the meeting at 10:29 a.m. Motion carried 6-0.

Respectfully submitted,

Thomas A. Michalski
Secretary