

## **Minutes of the Finance Committee**

**Wednesday, May 20, 2020**

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

**Present:** Supervisors Jim Heinrich, Tyler Foti, Joel Gaughan, Tom Michalski, Larry Nelson, Duane Paulson and Ted Wysocki.

**Also Present:** Chief of Staff Sarah Spaeth, Senior Correctional Facility Manager Angela Wollenhaupt, Workforce Development Board Director Laura Catherman, Business/Collections Services Manager Lyndsay Johnson, Financial Analyst Michelle Czech, Risk/Purchasing Manager Laura Stauffer, Budget Management Specialist Bill Duckwitz, Administration Director Andy Thelke, Principal Financial Projects Analyst Bob Ries, Community Development Manager Kristin Silva, Accounting Services Coordinator Lisa Davis, County Board Chair Paul Decker, Budget Management Specialist Michelle Beasley, Budget Manager Linda Witkowski, Business Manager Josh Joost, Jail Administrator Mike Giese, and Financial Analyst Cathy Kienast.

### **Next Meeting Dates**

- May 26 at 6:30 p.m.
- June 17 at 8:15 a.m.

### **Chair's Executive Committee Report of May 18**

Heinrich said the Executive Committee, at their last meeting, defeated three resolutions and approved two appointments and one ordinance. They agreed to extend the contract with Conley Media LLC to May 21, 2021. Peter Wolff was elected secretary of the committee and committee chairs gave reports on their respective committee meetings.

### **Committee Welcome and Opening Remarks by Chair**

Heinrich discussed the code of conduct for the Finance Committee and welcomed members to the committee, including new members Gaughan and Nelson. Heinrich asked committee members to inform the County Board Office of any absences or late arrivals/early departures for quorum purposes. He also asked that phones be silenced during meetings.

### **Nomination and Election of Vice Chair and Secretary**

MOTION: Nelson moved, second by Wysocki to nominate Paulson as vice chair. Motion carried 7-0.

MOTION: Nelson moved, second by Foti to nominate Michalski as secretary. Motion carried 7-0.

### **Discuss Committee Duties and Responsibilities as Written in the County Code of Ordinances**

Spaeth discussed the duties and responsibilities of the Finance Committee as outlined in the County Code.

### **Contract Procurement Process for Inmate, Juvenile Center & Mental Health Center Food**

Wollenhaupt advised this three-year contract was awarded to Aramark Correctional Services, LLC, the highest rated proposer, for a total contract cost of \$2,645,861. The first year budgeted amount is \$881,000 and the first year cost is \$856,016. Two vendors submitted proposals for consideration.

MOTION: Wysocki moved, second by Nelson to approve the contract procurement process for inmate, Juvenile Center & Mental Health Center food. Motion carried 7-0.

**Ordinance 175-O-009: Authorize Acceptance Of And Appropriate Additional Wisconsin Department Of Corrections Windows To Work Grant Funds For Re-Entry Workforce Development Services In Waukesha, Ozaukee, And Washington Counties And Amend The 2020 Budget**

Catherman discussed this ordinance which authorizes the Department of Parks and Land Use – Workforce Innovation and Opportunity Act (WIOA) Fund to accept an additional Wisconsin Department of Corrections – Windows to Work grant award of \$16,000 for re-entry workforce development services in Waukesha, Ozaukee, and Washington Counties. The ordinance appropriates \$14,880 of additional operating expense authority for a contracted staff person to assist eligible individuals in the corrections system to assist them with obtaining employment after their release. Remaining funds of \$1,120 are budgeted for administrative (e.g., County staff) costs. This ordinance has no direct impact on county tax levy.

MOTION: Paulson moved, second by Michalski to approve Ordinance 175-O-009. Motion carried 7-0.

**Year-End Proprietary Funds Report**

Johnson and Czech were present to discuss the year-end Proprietary Funds report as outlined for the County's enterprise and internal service funds. Those funds that showed a net income were the Naga-Waukee Golf Course (\$69,531); Vehicle/Equipment Replacement (\$31,600); and Radio Services (\$32,602). Those funds that showed a net loss were the Wanaki Golf Course (-\$222,471); Moor Downs Golf Course (-\$31,126); Naga-Waukee Ice Arena (-\$75,652); Eble Park Ice Arena (-\$33,216); Materials Recycling (-\$1,249,843); Airport (-\$90,023); Central Fleet (-\$207,263); Risk Management/Workers Compensation (-\$354,695); Collections (-\$33,538); End User Technology (-\$565,785); and Health Insurance (-\$549,238).

MOTION: Paulson moved, second by Michalski to accept the Year-End Proprietary Funds Report. Motion carried 7-0.

**Risk Management Determination of Liability & Workers Compensation Claim Payable Reserve**

Stauffer indicated the County is required to reserve funds for any unpaid claims which she explained in detail. Additional reserves of \$958,314 were booked which results in a year-end reserve balance of \$5,313,518. This equates to a reserve confidence level of approximately 70% (\$250,000 less than 75%). Ideally, this level should be between 75% and 95%.

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

Duckwitz discussed this report as outlined which included information on project status (percent complete for design, bid, and construction), appropriations, expenditures, and balance. No major concerns were raised.

Enrolled Ordinance 146-73 established a reserve account for certain highway capital projects in which bills are received after project completion for work funded in part with federal and state aid. The ordinance required Finance Committee concurrence to reserve funds as projects are closed. In accordance with this ordinance it is requested that the highway project reserve account

be increased by \$10,000 for project 201005 and \$5,000 for project 201813. After funds have been reserved, the project will be closed.

MOTION: Paulson moved, second by Wysocki to accept the Capital Projects Cost Performance Report. Motion carried 7-0.

MOTION: Michalski moved, second by Foti to approve closeout reserves totaling \$15,000. Motion carried 7-0.

### **Year-End Special Revenue and General Funds Report**

Duckwitz discussed this report as outlined. Regarding General Funds, the report indicates a positive variance of \$3.29 million or 1.8% of the modified expenditure budget of \$183 million. This includes expenditures under budget by \$7.40 million or 4.0% of the budget and non-levy revenues under achieved by \$4.11 million of \$91.9 million budgeted. Duckwitz went on to review significant revenue and expenditure impacts per department/program area.

Duckwitz explained significant year-end Special Revenue variances. The Transportation Fund includes a favorable budget variance of \$521,000, mostly due to \$470,000 in above-budget revenues received from WisDOT for work on state highways. Expenditure variances include lower road salt usage by \$210,000, which was mostly offset by above-budget spending for other items in County Highway Operations program by \$190,000. The Tarmann Parkland Acquisition Fund had an overall favorable variance of \$352,800 mainly due to expenditures being \$350,800 under budget. The \$49,300 of expenditures consists of a \$44,750 County Board approved grant to the Waukesha County Land Conservancy to purchase 80 acres in the Town of Eagle and \$4,500 for the real estate appraisal of the Wanaki Golf Course property. The Community Development Fund ended the year with an unfavorable fund balance impact of \$157,000 which represents higher expenditures than the Program Income and revolving loan revenues generated from the repayment or reimbursement of grant funds.

MOTION: Wysocki moved, second by Nelson to accept the Year-End Special Revenue and General Funds Report. Motion carried 7-0.

### **Financial Management and Fund Balance Policies and Bond Ratings**

Thelke explained, as outlined in his handouts, the County's budget philosophy and Triple A bond rating, unassigned fund balances from 2008 through 2020, long-range funding, capital and debt policies, 2018 Waukesha County employment diversification, Waukesha County's 2020 major employers, trends in equalized values and residential construction permits, and 2019 equalized value by classification.

### **Update on COVID-19**

Thelke stated the Department of Administration is operating at full capacity with the department busier than normal and most employees are telecommuting. Departments are tracking time related to the COVID-19 response in the event the County can be reimbursed by the state or federal governments. The County is in a good position since we do not rely on sales tax for revenue. Some areas of the County are seeing reduced revenue but other areas like parks are seeing increased revenue.

### **Review County Investment Policies**

Thelke and Ries reviewed the County's investment policy as outlined which included information on purpose, scope, objectives, delegation of authority, prudence, reporting requirements, internal

controls, eligible investments, competitive selection of investment advisors and instruments, cash liquidity, and safekeeping. Also reviewed were the types of County investments.

**1<sup>st</sup> Quarter Investments Report**

Ries discussed the 1<sup>st</sup> quarter investments report as outlined. The total return for the quarter was down 11 basis points from the last quarter, at 0.50%. For the year ending March 31, 2020, County investments returned 2.27%. Total interest earnings for the quarter were \$934,504, down \$4,554 from the 4th quarter, due to a decline in interest rates in the market. Average invested balances increased \$34.3 million compared to the previous quarter, consistent with the County’s normal cash flow trend. Interest income is also down \$134,462 from the 1st quarter of 2019. For the year ending March 31, 2020, all portfolios underperformed the benchmark. Due to the Coronavirus outbreak, there was a flight to quality to US Treasuries, driving up prices disproportionately compared to other asset classes. This puts the County portfolios at a disadvantage in the benchmark comparisons as they hold a lower percentage of US Treasuries compared to the comparable benchmark. Movement in interest rates was significantly lower during the quarter (2-year Treasury fell from 1.58% to 0.22%, 5-year Treasury decreased from 1.69% to 0.37%) leading to increased market returns. The total County investment balance at the end of the 1<sup>st</sup> quarter was \$187,454,796.

MOTION: Wysocki moved, second by Michalski to accept the 1<sup>st</sup> Quarter Investments Report. Motion carried 7-0.

**Ordinance 175-O-008: Amend The 2020 Budget To Accept Community Development Block Grant Coronavirus (CDBG-CV) Funds For The 2020 Program Year**

Silva discussed this ordinance which authorizes Parks and Land Use - Community Development Fund – Community Development Block Grant (CDBG) program to accept and appropriate an additional \$861,236 of additional U.S. Department of Housing and Urban Development (HUD) funding into the 2020 PLU - CDBG program budget. The funds will be used to prevent, prepare for, and respond to the coronavirus (COVID-19), authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136, to respond to the growing effects of the historic public health pandemic crisis.

The 2020 Parks and Land Use Department adopted Budget included HUD funding of \$1,405,009 for the CDBG program. HUD awarded the CDBG program \$1,464,022, which was \$59,013 higher than the adopted budget. This was appropriated by enrolled ordinance 174-99. This ordinance will bring the CDBG total 2020 modified budget to \$2,325,258. This ordinance results in no direct tax levy impact. The department plans to use the CARES funds in the following categories:

Eviction Prevention/Rent Assistance	\$300,000
Homeless Services	\$150,000
Food and Meals	\$100,000
Small Business Relief	\$250,000
Medical	\$ 61,236
<b>Total</b>	<b>\$861,236</b>

MOTION: Paulson moved, second by Nelson to approve Ordinance 175-O-008. Motion carried 7-0.

**Ordinance 175-O-011: Modify The Department Of Health And Human Services 2020 Budget To Accept The WI Department Of Justice Pretrial Pilot Sites Supplemental Grant Funding And Appropriate Additional Expenditures**

Davis discussed this ordinance which modifies the 2020 Health and Human Services– Criminal Justice Collaborating Council budget by appropriating \$55,642 of additional operating expenses associated with a Department of Justice Pretrial Pilot Project to implement the Public Safety Assessment (PSA) screening tool. This includes a Pretrial Screener position contracted with Wisconsin Community Services (\$31,886), associated end user technology fees (\$3,441), an annual user fee for accessing the National Crime Information Center (\$1,200), and additional funds for electronic monitoring for indigent pretrial defendants (\$19,115). General government revenues are increased by an equal amount for supplemental related grant funding resulting in no additional direct tax levy impact.

MOTION: Gaughan moved, second by Wysocki to approve Ordinance 175-O-011. Motion carried 7-0.

**State Legislative Update**

Spaeth updated the committee on a request for CARES Act funding the County is seeking from the State.

MOTION: Paulson moved, second by Foti to adjourn at 12:20 p.m. Motion carried 7-0.

Respectfully submitted,

*Thomas A. Michalski*

Thomas A. Michalski  
Secretary