

## **Minutes of the Finance Committee**

**Wednesday, November 20, 2019**

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

**Present:** Supervisors Jim Heinrich, Duane Paulson, Tom Michalski, Tim Dondlinger, Tyler Foti, Richard Morris, and Ted Wysocki. Dondlinger left the meeting at 9:00 a.m. and returned at 9:25 a.m.

**Also Present:** Chief of Staff Mark Mader, Business Manager Josh Joost, Principal Financial Projects Analyst Bob Ries, Facilities Manager Shane Waeghe, Treasurer Pam Reeves, County Clerk Meg Wartman, Business/Collections Services Manager Lyndsay Johnson, Financial Analyst Michelle Czech, Budget Manager Linda Witkowski, Senior Financial Analyst Rhiannon Cupkie, Waukesha Metro Transit Manager Brian Engelking, Accounting Services Manager Danielle Igielski, Budget Management Specialist Bill Duckwitz, and Financial Analyst Catherine Kienast.

### **Approve Minutes of November 6**

MOTION: Paulson moved, second by Morris to approve the minutes of November 6. Motion carried 7-0.

### **Next Meeting Date**

- December 11 (Morris absent)

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

Heinrich said the Executive Committee heard an update on the Miller Park District and approved three appointments. He also advised of the County Board Office's plan in the event of an active shooter situation.

### **Ordinance 174-O-074: Authorize The Waukesha County Sheriff's Department To Contract With The City Of Pewaukee To Provide Police Services**

Joost and Kienast discussed this ordinance which authorizes the Sheriff's Department to continue to provide police services to the City of Pewaukee. The Department has provided municipal patrol coverage to the City since 2010 and plans to continue to do so by entering into another contract agreement beginning in 2020. The contract will require the County to provide patrol coverage and necessary equipment for eight patrol shifts seven days per week (about 1.67 full-time equivalent positions per shift, factoring in training, vacations, etc.) The contract also includes two dedicated lieutenant positions and two positions for detective work. In addition, the contract allows for separate charges for all overtime costs incurred from policing functions including overtime related to court appearances in connection with the prosecution of municipal ordinance violations.

The City will pay the County for the patrol service in monthly installments based on the annual budgeted costs of supplying contract police services, with actual overtime charges reimbursed quarterly. Proportional charges for indirect costs are also included in the contract amount, therefore, there is no tax levy impact. Charges will be adjusted annually to reflect the adopted budget. The contract term will be from January 1, 2020 through December 31, 2024. Based on the Department's full cost recovery contract methodology, the City will be expected to pay an estimated \$2,656,132 in fiscal year 2020. The 2020 Sheriff's Department budget, as presented to the County Board by the County Executive, adjusts revenues and appropriates expenditures accordingly resulting in no tax levy associated with the execution of the contract. The budget also includes all positions necessary for the continuation of the contract.

MOTION: Paulson moved, second by Morris to approve Ordinance 174-O-074. Motion carried 7-0.

**Ordinance 174-O-075: Authorize The Waukesha County Sheriff's Department To Contract With The Town Of Waukesha To Provide Police Services**

Joost and Kienast discussed this ordinance which authorizes the Sheriff's Department to continue to provide police services to the Town of Waukesha. The Department has provided municipal patrol coverage to the Town since 2004 and plans to continue to do so by entering into another contract agreement beginning in 2020. The contract will require the County to provide patrol coverage and necessary equipment for one shift five days per week (about 1.19 full-time equivalent positions factoring in training, vacations, etc.) In addition, the contract allows for separate charges for all overtime costs incurred from policing functions, including overtime related to court appearances in connection with the prosecution of municipal ordinance violations.

The Town will pay the County for the base service level in monthly installments based on the annual budgeted costs of supplying contract police services, with actual overtime charges reimbursed quarterly. Proportional charges for indirect costs are also included in the contract amount, therefore, there is no tax levy impact. Charges will be adjusted annually to reflect the adopted budget. The contract term will be from January 1, 2020 through December 31, 2020. Based on the Department's full cost recovery contract methodology, the Town will be expected to pay an estimated \$172,041 in fiscal year 2020. The 2020 Sheriff's Department budget, as presented to the County Board by the County Executive, adjusts revenues and appropriates expenditures accordingly resulting in no tax levy associated with the execution of the contract. The budget also includes all positions necessary for the continuation of this contract.

MOTION: Dondlinger moved, second by Michalski to approve Ordinance 174-O-075. Motion carried 7-0.

**3<sup>rd</sup> Quarter Report on Investments**

Ries indicated the total return for the quarter was down two basis points from the last quarter, at 0.57%. For the year ending September 30, 2019, County investments returned 2.25%. Total interest earnings for the quarter were \$1,192,046, up \$136,709 from the 2nd quarter due to an increase in average invested balances of \$28.8 million compared to the previous quarter which is consistent with the County's normal cash flow trend. The increased size of the County's annual bond issue (up \$5 million) was also a factor. Interest income is also up \$312,901 from the 3rd quarter of 2018. Interest income again exceeded \$1 million, a level not seen since 2013, when there were several quarters where interest income was enhanced by realized gains on the sale of securities. The average invested balance is higher than what we have seen for the 3rd quarter the past several years, primarily due to the larger 2019 bond issue. Investment returns for 2019 continues to be on pace to exceed 2% for the first time since 2012.

Dondlinger left the meeting at 9:00 a.m.

MOTION: Wysocki moved, second by Morris to accept the 3<sup>rd</sup> quarter investments report. Motion carried 6-0.

**Contract Procurement Process for HVAC Maintenance and Repair Services**

Waeghe advised this three-year contract is a preferred provider contract and it was awarded to all four providers that submitted proposals: Mared Mechanical, Illingworth-Kilgust Mechanical, Conditioned Air Design, Inc., and to the one provider that submitted a proposal for Group B Chiller Maintenance & Repair, Advanced Chiller Services. The budgeted amount is \$100,000 and services will not exceed the allotted budget.

MOTION: Michalski moved, second by Foti to approve the contract procurement process for HVAC maintenance and repair services. Motion carried 6-0.

**Fund Transfer 2019-550-1 (Treasurer's Office): Transfer Funds from Operating Expenses to Personnel Expenses**

Reeves indicated the department is requesting to transfer \$5,000 from operating expenses to fund higher insurance costs related to an employee's selection of benefits. The department is requesting to transfer \$5,000 which is available from contracted services for tax system modifications which will not be used in 2019 due to a delay in another project.

MOTION: Paulson moved, second by Wysocki to approve Fund Transfer 2019-550-1. Motion carried 6-0.

**Fund Transfer 2019-540-1 (County Clerk): Transfer Funds from Operating Expenses to Personnel Expenses**

Wartman said the Department is requesting the transfer of \$18,000 to fund higher than budgeted personnel costs, largely due to salaries and temporary extra help costs. To address the personnel overage noted above, the Department is requesting to transfer \$18,000 from operating expenses, mostly in legal notices. These funds are available from not spending as much in the election program in odd years.

MOTION: Paulson moved, second by Wysocki to approve Fund Transfer 2019-540-1. Motion carried 6-0.

**3<sup>rd</sup> Quarter Report on Proprietary Funds**

Johnson and Czech were present to give an update on the County's enterprise and internal service funds.

Dondlinger returned at 9:25 a.m.

Those funds that showed a net income at the end of the 3<sup>rd</sup> quarter were the Naga-Waukee Golf Course (\$258,623); Moor Downs Golf Course (\$24,022); Radio Services (\$114,832); Risk Management/Workers Compensation (\$429,489); Collections (\$80,736); and Health Insurance (\$516,682). Those funds that showed a net loss were the Wanaki Golf Course (-\$64,627); Naga-Waukee Ice Arena (-\$10,648); Eble Park Ice Arena (-\$69,739); Materials Recycling (-\$803,393); Airport (-\$303); Vehicle/Equipment Replacement (-\$51,444); Central Fleet (-\$73,841); and End User Technology (-\$330,530).

MOTION: Paulson moved, second by Dondlinger to accept the 3<sup>rd</sup> quarter report on Proprietary Funds. Motion carried 7-0.

**3<sup>rd</sup> Quarter Report on Special Revenue and General Funds**

Witkowski indicated that for nine months of 2019, total General Fund expenditures are \$123.3 million or 67.5% of the total modified expenditure budget versus expenditures for the same period in 2018 at \$120.2 million or 71.0% of total 2018 actual expenditures. Operating revenues achieved during the first nine months of 2019 are at nearly \$54.5 million or about 59.2% of the modified revenue budget versus about \$56.6 million or 66.1% of revenues recognized for the first nine months of 2018. Overall, the nine-month General Fund estimate is expected to finish favorably by \$2.2 million or 1.2% of the total modified expenditure budget of \$182.8 million. The department of Emergency Preparedness budget is projected to finish unfavorably by \$182,000 due to higher-than-budgeted overtime expenses of \$283,200. This is partly offset by below budget spending on operating expenses of \$71,000. The County Treasurer's budget is anticipated to finish unfavorably by \$108,400

due to revenue from penalty and interest on delinquent taxes that are projected to be lower than budget by nearly \$560,000. This compares with \$691,000 below budget in 2018. This is partly offset by \$452,400 in higher-than-budgeted investment income. Offsetting favorable results for year-end 2019 include the Circuit Court Services by \$326,000; Register of Deeds by about \$226,400; Parks and Land Use by \$215,500; and Public Works by \$162,400. In addition, Health & Human Services is expected to finish favorably by \$862,200, mainly due to efforts to place clients in lower cost placement alternatives and additional State revenues. The report identifies the potential need for fund transfers between appropriation units for future Finance Committee consideration for Emergency Preparedness, Health & Human Services, Parks & Land Use, County Clerk, and Treasurer. A contingency fund transfer will also be requested by Emergency Preparedness.

Regarding Special Revenue Funds, Witkowski said as of nine months, all funds are projected to finish the year with favorable or break-even results. At this time, Public Works staff anticipates requesting an ordinance to appropriate additional expenditure authority, funded with above-budget state revenues to cover projected above-budget expenditures for the Transportation Fund. In addition, Health & Human Services staff indicated they may request a funds transfer and/or ordinance to address potential above-budget State funding in the Aging & Disability Resource Center Contract Fund. Bridges Library staff plans to request a funds transfer from estimated under-budget operating expenses to cover projected above-budget personnel costs in the Bridges Library State Aids, Federal, and Miscellaneous Fund.

MOTION: Morris moved, second by Dondlinger to accept the 3<sup>rd</sup> quarter report on Special Revenue and General Funds. Motion carried 7-0.

**Ordinance 174-O-073: Approve Intergovernmental Cooperation Agreement With Waukesha Metro For Administration Of The Waukesha County Transit System**

Cupkie and Engelking discussed this ordinance which authorizes the Public Works Department to enter into an intergovernmental cooperation agreement with the City of Waukesha (Waukesha Metro) to continue to provide transit administration services for Waukesha County. This contract was previously award through a request for proposal process. Services to be provided include vendor contract management and grants management of federal and state transit funding including required reporting and regulation compliance. The term of the agreement is for five years from January 1, 2020 through December 31, 2024. The 2020 agreement amount of \$147,700 can increase annually by 3% or the Employment Cost Index for the Midwest Area, whichever is less.

The 2020 Transportation Budget, as presented to the County Board by the County Executive, includes sufficient expenditures and is eligible for state/federal reimbursement at a 2020 rate of 54.58% or \$80,615. Tax levy of \$67,085 is included in the proposed budget.

MOTION: Paulson moved, second by Morris to approve Ordinance 174-O-073. Motion carried 7-0.

MOTION: Morris moved, second by Dondlinger to adjourn at 10:30 a.m. Motion carried 7-0.

Respectfully submitted,

*Thomas A. Michalski*

Thomas A. Michalski  
Secretary