

## **Minutes of the Finance Committee**

**Wednesday, November 21, 2018**

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.

**Also Present:** Chief of Staff Mark Mader, Legislative Policy Advisor Sarah Spaeth, Parks System Manager Rebecca Mattano, Senior Financial Analyst Rhiannon Cupkie, Business Manager Lyndsay Johnson, Principal Financial Projects Analyst Bob Ries, Collections & Business Service Manager Andy Thelke, Financial Analyst Kayla Kaboskey, Budget Manager Linda Witkowski, Budget Management Specialist Bill Duckwitz, and Senior Financial Analyst Mark Yatchak.

### **Approve Minutes of November 7**

MOTION: Michalski moved, second by Wysocki to approve the minutes of November 7. Motion carried 7-0.

### **Next Meeting Date**

- December 12

### **Future Agenda Items**

- Update on Airport Contracts (Wysocki)
- Early Update on the Budget Cap and Allocations (Wysocki)

### **Ordinance 173-O-060: Authorize Acceptance Of County Conservation Grant For Okauchee Lake, Oconomowoc And Fox River System Watersheds 2019 Muskellunge Stocking**

Mattano discussed this ordinance which authorizes the Department of Parks and Land Use to accept up to \$5,500 of County Conservation Aid Grant revenues from the State Department of Natural Resources for the purpose of stocking muskies into Okauchee Lake and the Oconomowoc and Fox River system watersheds. Sufficient funds have been budgeted in the 2019 budget for this project. The total estimated cost to complete this project is approximately \$11,000 with half coming from the State grant and remaining project costs of up to \$5,500 coming from matching contributions from two area muskellunge clubs. The Department will reimburse the muskellunge clubs for project costs, based on awarded grant funds provided, upon project completion. This ordinance results in no direct tax levy impact.

MOTION: Paulson moved, second by Morris to approve Ordinance 173-O-060. Motion carried 7-0.

### **Fund Transfer 2018-400-1 (Public Works): Transfer Funds from Operating Expenses to Personnel Costs**

Cupkie explained the General Fund experienced higher than normal retirements of long-term employees during 2018 which is estimated to result in retirement/separation payouts of about \$80,000. Most of these costs will be offset with savings from position vacancies and turnover but it is estimated that \$20,000 of additional expenditure authority will be needed. Funds are available as utility expenses

are projected to be under budget by about \$120,000 (mostly for electricity and natural gas), largely due to below budget utility rates.

MOTION: Dondlinger moved, second by Foti to approve Fund Transfer 2018-400-1. Motion carried 7-0.

**Discuss and Consider Ordinance 173-O-061: Approve The Waukesha County Sheriff's Department Contract With The Town Of Lisbon To Provide Police Services**

Johnson discussed this ordinance which authorizes the Sheriff's Department to continue to provide police services to the Town of Lisbon. The Department has provided municipal patrol coverage to the Town since 2008. The negotiated contract requires the County to provide patrol coverage along with necessary equipment for one deputy 24 hours a day with about 5.01 full-time equivalent positions factoring in training, benefit time, etc. as well as dedicated supervision of four hours per week through a shared supervisor position. In addition, the contract allows for separate charges for all overtime costs and transcription costs incurred from policing functions.

The Town of Lisbon 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 and transcription charges reimbursed quarterly. Proportional charges for indirect costs are also included in the contract amount. Therefore, there is no direct tax levy impact. Charges will be adjusted annually to reflect the adopted budget. The contract term will be from January 1, 2018 through December 31, 2022. Based on the Department's full cost recovery contract methodology, the Town will be expected to pay an estimated \$707,651 in fiscal year 2019. The 2019 Sheriff's Department budget, as presented to the County Board, includes the continuation of the Town of Lisbon contract. The budget also includes all positions necessary for the continuation of this contract.

MOTION: Wysocki moved, second by Dondlinger to approve Ordinance 173-O-061. Motion carried 7-0.

**Discuss and Consider Ordinance 173-O-062: Authorize The Waukesha County Sheriff's Department To Contract With The Town Of Waukesha To Provide Police Services**

Johnson 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 for 2019. The contract will require the County to provide patrol coverage, along with necessary equipment for one rotating shift (five days on, two days off, four days on, and two days off) with about 1.19 full-time equivalent positions factoring in training, benefit time, etc. In addition, the contract allows for separate charges for all overtime costs and transcription costs incurred from policing functions.

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 and transcription charges reimbursed quarterly. Proportional charges for indirect costs are also included in the contract amount. Therefore, there is no direct tax levy impact. The contract term will be from January 1, 2019 through December 31, 2019. Based on the Department's full cost recovery contract methodology, the Town will be expected to pay an estimated \$159,805 in fiscal year 2019. The 2019 Sheriff's Department budget, as presented to the County Board, includes the continuation of the Town of Waukesha contract. The budget also includes all positions necessary for the continuation of this contract.

MOTION: Wysocki moved, second by Foti to approve Ordinance 173-O-062. Motion carried 7-0.

**Discuss and Consider Ordinance 173-O-063: Authorize The Waukesha County Sheriff's Department To Contract With The Village Of Merton To Provide Police Services**

Johnson discussed this ordinance which authorizes the Sheriff's Department to continue to provide police services to the Village of Merton. The Department has provided municipal patrol coverage to the Village since 1998 and plans to continue to do so by entering into another contract agreement beginning in 2019. The contract will require the County to provide patrol coverage, along with necessary equipment for one rotating shift (five days on, two days off, four days on, and two days off) with about 1.19 full-time equivalent positions, factoring in training, benefit time, etc. as well as dedicated supervision of two hours per week through a shared supervisor position. In addition, the contract allows for separate charges for all overtime costs and transcription costs incurred from policing functions.

The Village 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 and transcription charges reimbursed quarterly. Proportional charges for indirect costs are also included in the contract amount. Therefore, there is no direct tax levy impact. Charges will be adjusted annually to reflect the adopted budget. The contract term will be from January 1, 2019 through December 31, 2023. Based on the Department's full cost recovery contract methodology, the Village will be expected to pay an estimated \$175,545 in fiscal year 2019. The 2019 Sheriff's Department budget, as presented to the County Board, includes the continuation of the Village of Merton contract. The Budget also includes all positions necessary for the continuation of this contract.

MOTION: Morris moved, second by Paulson to approve Ordinance 173-O-063. Motion carried 7-0.

**Discuss and Consider Ordinance 173-O-064: Authorize The Waukesha County Sheriff's Department To Contract With The Town Of Merton To Provide Police Services**

Johnson discussed this ordinance which authorizes the Sheriff's Department to continue to provide police services to the Town of Merton. The Department has provided municipal patrol coverage to the Town since 1993 and plans to continue to do so by entering into another contract agreement beginning in 2019. The contract will require the County to provide patrol coverage, along with necessary equipment for one rotating shift (five days on, two days off, four days on, and two days off) with about 1.19 full-time equivalent positions, factoring in training, benefit time, etc. In addition, the contract allows for separate charges for all overtime costs and transcription costs incurred from policing functions.

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 and transcription charges reimbursed quarterly. Proportional charges for indirect costs are also included in the contract amount. Therefore, there is no direct tax levy impact. Charges will be adjusted annually to reflect the adopted budget. The contract term will be from January 1, 2019 through December 31, 2023. Based on the Sheriff's Department's full cost recovery contract methodology, the Town of Merton will be expected to pay an estimated \$169,074 in fiscal year 2019. The 2019 Sheriff's Department budget, as presented to the County Board, includes the continuation of the Town of Merton contract. The Budget also includes all positions necessary for the continuation of this contract.

MOTION: Paulson moved, second by Morris to approve Ordinance 173-O-064. Motion carried 7-0.

**Discuss and Consider Ordinance 173-O-065: Authorize The Waukesha County Sheriff's Department To Contract With The Village Of Sussex To Provide Police Services**

Johnson discussed this ordinance which authorizes the Sheriff's Department to continue to provide police services to the Village of Sussex. The Department has provided municipal patrol coverage to the Village since 1973 and plans to continue to do so by entering into another contract agreement beginning in 2019. The contract will require the County to provide patrol coverage, along with necessary equipment for two deputies twenty-four hours a day, seven days per week with about 10.02 full-time equivalent positions, factoring in training, benefit time, etc. The contract also includes a dedicated lieutenant position fully funded by the Village of Sussex and a dedicated captain position, partially paid for by the Village of Merton and the Town of Lisbon. In addition, the contract allows for separate charges for all overtime costs and transcription costs incurred from policing functions.

The Village of Sussex 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 and transcription charges reimbursed quarterly. Proportional charges for indirect costs are also included in the contract amount. Therefore, there is no direct tax levy impact. Charges will be adjusted annually to reflect the adopted budget. The contract term will be from January 1, 2019 through December 31, 2023. Based on the Department's full cost recovery contract methodology, the Village of Sussex will be expected to pay an estimated \$1,599,765 in fiscal year 2019. The 2019 Sheriff's Department budget, as presented to the County Board, includes the continuation of the Village of Sussex contract. The budget also includes all positions necessary for the continuation of this contract.

MOTION: Dondlinger moved, second by Wysocki to approve Ordinance 173-O-065. Motion carried 7-0.

**Contract Procurement Process For Investment Management Services**

Ries indicated the contract was awarded to PFM Asset Management, the highest rated proposer, for a total contract cost of \$35,000. Fees are not budgeted but rather deducted quarterly from investment income. Based upon the current invested balance and fees, it is anticipated that the fees charged by PFM Asset Management will be \$34,765 or about \$14,500 less per year. Ten contractors submitted proposals for consideration.

MOTION: Michalski moved, second by Morris to approve the contract procurement process for investment management services. Motion carried 7-0.

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

Ries indicated the total return for the quarter was down two basis points from the last quarter, at 0.44%. For the year ending September 30, 2018, County investments returned 1.70%. Total interest earnings for the quarter were \$879,145, up \$94,598 from the 2<sup>nd</sup> quarter and are up \$194,768 from the 3<sup>rd</sup> quarter of 2017, largely due to an increase in yields available in the market. Average invested balances were up approximately \$28 million from the 2<sup>nd</sup> quarter, consistent with the County's annual cash flow trend. The average daily balance by the end of the 3<sup>rd</sup> quarter was \$173,883,247.

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

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

Thelke and Kaboskey were present to discuss the 3<sup>rd</sup> quarter report on the County's various enterprise and internal service funds. Those funds that showed a net income at the end of the 3<sup>rd</sup> quarter were the Naga-Waukee Golf Course (\$81,947); Airport (\$26,493); Vehicle/Equipment Replacement (\$122,478); Radio Services (\$216,892); Records Management (\$97,913); Communications (\$87,115); Risk Management/Workers Compensation (\$575,890); and Collections (\$30,750). Those funds that showed a net loss were the Wanaki Golf Course (-\$152,982); Moor Downs (-\$11,301); Naga-Waukee Ice Arena (-\$9,711); Eble Park (-\$149,292); Materials Recycling (-\$1,013,937); Central Fleet (-\$21,864); End User Technology (-\$444,473); and Health Insurance (-\$1,396,711).

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

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

Witkowski highlighted the General Funds report as outlined and advised of potential year-end fund transfers. For nine months of 2018, total General Fund expenditures are \$119.6 million or 67.8% of the total modified expenditure budget versus expenditures for the same period in 2017 of \$118.3 million or 71.7% of total 2017 actual expenditures. Operating revenues achieved during the first nine months of 2018 were at nearly \$56.2 million or about 64.2% of the modified revenue budget versus about \$55.4 million or 66.0% of revenues recognized for the first nine months of 2017. Overall, the nine month General Fund estimate is expected to finish favorably by \$2.9 million or 1.6% of the total modified expenditure budget of \$176.4 million.

Regarding Special Revenue Funds, as of nine months, all funds except Land Information Systems (LIS) are projected to finish the year with favorable or break-even results. Parks & Land Use staff are planning to submit a fund transfer request for the LIS Fund.

MOTION: Foti moved, second by Paulson to accept the 3<sup>rd</sup> quarter General Revenue and Special Revenue funds report. Motion carried 7-0.

### **State Legislative Update**

Spaeth covered Joint Finance Committee assignments, legislation that would be a focus of the next session, and a plan for a workgroup on County Executive and County Board power and related legislative issues. She noted the option of biennial budgets for counties seems to be well accepted.

MOTION: Wysocki moved, second by Morris to adjourn at 10:40 p.m. Motion carried 7-0.

Respectfully submitted,

*Thomas A. Michalski*

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Secretary