

Minutes of the Finance Committee

Wednesday, April 17, 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.

Also Present: Chief of Staff Mark Mader, Legislative Policy Advisor Sarah Spaeth, Hazardous Materials Coordinator Steve Todd, Human Resources Manager Renee Gage, Principal Human Resources Analyst Terri Sgarlata, Human Resources Analyst Jane Barwick, The *Freeman* Reporter Darryl Enriquez, Inspector Jim Gumm, Business Manager Lyndsay Johnson, Deputy Inspector Patrick Esser, Financial Analyst Josh Joost, Waukesha Sheriff's Union Member Grant Winchowky, Deputy Gary Kelly, Principal Information Technology Professional John Gorski, Administrative Services Manager Randy Setzer, Risk/Purchasing Manager Laura Stauffer, Principal Risk Management Analyst Mark Jatzak, Treasurer Pam Reeves, Deputy Treasurer Terry Schultz, Business/Collections Services Manager Andy Thelke, Senior Financial Analyst Linda Hein, Budget Manager Linda Witkowski, Budget Management Specialist Bill Duckwitz, and Senior Financial Analyst Steve Trimborn.

Approve Minutes of March 20

MOTION: Morris moved, second by Paulson to approve the minutes of March 20. Motion carried 7-0.

Next Meeting Dates

- April 23 at 6:30 p.m. (Wysocki absent)
- May 22 at 8:15 a.m.

Chair's Executive Committee Report of April 15

Heinrich said the Executive Committee approved appointments, an ordinance, the 2019-2021 internal audit plan, the scope for the Secure Courtroom Construction audit, and the legal advertising contract. They also heard an update on the Waukesha County Center for Growth and Andy Thelke, Administration Director nominee, was introduced.

Contract Procurement Process for Asbestos and Indoor Air Quality Consulting Services

Todd indicated the three-year contract was awarded to the three highest rated providers: Environmental Management Consulting, Indoor Air Quality Diagnostics, and the Sigma Group as required by need and not to exceed the \$25,000 budget. Ten providers submitted proposals for consideration.

MOTION: Paulson moved, second by Michalski to approve the contract procurement process for asbestos and indoor air quality consulting services. Motion carried 7-0.

Annual Report on Employee Performance Evaluations and Awards

Gage and Sgarlata were present to discuss the report as outlined. In 2018, 894 employees were eligible for non-base accumulating performance awards and 762 received an award. The

performance award added to base salaries included 653 employees out of a possible 738 that were eligible for an award. The budgeted amount for base and non-base awards was \$1,916,131 and the actual cost was \$1,956,052.

MOTION: Paulson moved, second by Dondlinger to accept the annual report on employee performance evaluations and awards. Motion carried 7-0.

Discuss and Consider Ordinance 174-O-014: Modify Capital Project 201615 Security System Recording And Display Equipment Replacement To Allocate Funds For System Design And Integration With Other Components Of The Security Electronics System

Johnson and Groski discussed this ordinance which modifies the scope for capital project 201615 (Security System Recording and Display Equipment Replacement) to allow for two additional items: (1) additional consulting services to develop detailed system specifications to allow for a competitive purchasing process, estimated to cost \$75,000, and (2) an upgrade of the security electronics system that is used to control jail doors, estimated to cost \$80,000.

Staff indicated that these additional items will be funded within the existing project budget in 2019. There may be a request for additional funding in the 2020 budget, through the 2020-2024 capital planning process, after more accurate cost estimates from the detailed system specifications are available.

MOTION: Wysocki moved, second by Michalski to approve Ordinance 174-O-014. Motion carried 7-0.

Discuss and Consider Ordinance 174-O-015: Authorize The Waukesha County Sheriff’s Department To Contract With The Arrowhead School District To Provide School Resource Officer Services

Gumm and Johnson discussed this ordinance which authorizes the Sheriff’s Department to continue to provide school resource officer services to the Arrowhead School District under a cost reimbursement contract. The contract will require the County to provide one deputy to the school district on student contact days and requested teacher in-service days. The district does not currently hold summer school but the contract allows for a separate charge for summer school should the district request school resource officer coverage.

Staff indicated the contract term will be from July 1, 2019 through July 31, 2022. The 2019 departmental budget includes both expenditures and revenues for the 2019 contract and revenues and expenditures will be built into subsequent budgets for the term of the contract. The district will pay the County for the service provided in April, as it has provided in the past. Charges will be adjusted annually for an increasing cost share over the term of the contract for estimated average cost of a deputy and mileage as seen below.

Arrowhead High School				
Description	Current Year (2018-2019) Charges	2019-2020 School Year	2020-2021 School Year	2021-2022 School Year
Reimbursement Percentage	70%	75%	80%	82%
School Resource Officer Reimbursement	\$66,510	\$72,680	\$79,080	\$82,790
Mileage Expense Reimbursement	\$1,430	\$1,460	\$1,490	\$1,520
Total School Year Revenue	\$67,940	\$74,140	\$80,570	\$84,310

MOTION: Paulson moved, second by Morris to approve Ordinance 174-O-015. Motion carried 7-0.

Discuss and Consider Ordinance 174-O-016: Authorize The Waukesha County Sheriff's Department To Contract With The Sussex Hamilton School District To Provide School Resource Officer Services

Johnson and Gumm discussed this ordinance which authorizes the Sheriff's Department to continue to provide school resource officer (SRO) services to the Sussex Hamilton School District under a cost reimbursement contract. The contract will require the County to provide one deputy to the district on student contact days and requested teacher in-service days. In addition, the contract allows for a separate charge for summer school should the district request school resource officer coverage.

Staff indicated the contract term will be from July 1, 2019 through July 31, 2022. The 2019 departmental budget includes both expenditures and revenues for the 2019 contract and revenues and expenditures will be built into subsequent budgets for the term of the contract. The district will pay the County for the service provided in April, as it has provided in the past. Charges will be adjusted annually for an increasing cost share over the term of the contract for the estimated average cost of a deputy and mileage as seen below.

Sussex Hamilton High School				
Description	Current Year (2018-2019) Charges	2019-2020 School Year	2020-2021 School Year	2021-2022 School Year
Reimbursement Percentage	70%	75%	80%	83.5%
School Resource Officer Reimbursement	\$66,510	\$72,680	\$79,080	\$84,190
Mileage Reimbursement	\$540	\$550	\$560	\$570
Total School Year Revenue	\$67,050	\$73,230	\$79,640	\$84,760
Summer School SRO		\$4,100	\$4,180	\$4,260
Summer School Mileage		\$100	\$100	\$100
Summer School Total		\$4,200	\$4,280	\$4,360
Total Revenue	\$67,050	\$77,430	\$83,920	\$89,120

MOTION: Dondlinger moved, second by Morris to approve Ordinance 174-O-016. Motion carried 7-0.

Discuss and Consider Ordinance 174-O-018: Expenditure Of Seized Funds Amend The 2019 Sheriff's Department Budget For Multiple Purchases

Gumm and Johnson were present to discuss this ordinance as outlined. Enrolled ordinance 141-41 (1986) authorized the Sheriff's Department to participate in a federal program, which transfers forfeited assets (seized funds) to those state and local agencies that contributed directly to the seizure of that property. Federal guidelines require that these seized funds must be used to enhance law enforcement activities, not to supplant existing adopted budget appropriations. According to the County's accounting records, the Department currently has a balance of undesignated seized funds available totaling \$218,100. The Department is requesting to use up to a maximum of \$40,300 of seized funds expenditure authority to purchase rifles (\$3,800), fitness room equipment (\$10,000), Menomonee Falls range improvements (\$2,500), AR-15 magazine loaders (\$1,500), and Lexipol software for public safety policy management (\$22,500).

Staff estimates the on-going operating and maintenance costs for equipment items will be minimal and will be the responsibility of the Department. On-going costs for Lexipol are anticipated to be

shared between Risk Management, WMMIC, and the Sheriff's Department asset forfeiture account. This ordinance results in no additional direct tax levy impact in 2019.

MOTION: Paulson moved, second by Foti to approve Ordinance 174-O-018. Motion carried 7-0.

Discuss and Consider Ordinance 174-O-019: Authorize The Waukesha County Sheriff's Department To Amend The 2015-2019 Police Services Contract With The City Of Pewaukee To Provide 1.00 FTE Deputy To The Metro Drug Enforcement Unit Funded By The City Of Pewaukee Beginning June 1, 2019 And Amend The 2019 Sheriff's Department Budget Accordingly

Gumm and Johnson discussed this ordinance which modifies the existing municipal police patrol services contract with the City of Pewaukee and creates one regular, full-time (1.00 FTE) deputy sheriff position (salary range \$53,435 - \$72,010) in the Department's Metro Drug Enforcement Unit to provide additional resources for case investigation and development for opioid investigations in the city. This position and related costs would be funded entirely by the city. The position would be authorized to begin on June 1, 2019 and the term of the existing contract ends on December 31, 2019. If the city chooses not to continue funding this position in future, the position will sunset.

Staff indicated this ordinance also modifies the 2019 departmental budget by increasing expenditure authority and municipal revenue charges by \$71,505 to cover the costs associated with this contract amendment. It is expected that there will be an additional \$10,311 of municipal revenue from the city which is not included in this ordinance because it is for items already in the 2019 budget (e.g., staff time). The estimated full-year impact would be approximately \$140,000 and expenditures and offsetting revenues will be included in future budgets. Per the existing contract's April 1st deadline, the city has indicated they will be renewing the contract and are in discussion regarding service expansion options.

MOTION: Paulson moved, second by Foti to approve Ordinance 174-O-019. Motion carried 7-0.

Ordinance 174-O-021: Modify The 2019 Health And Human Services Budget To Increase Expenditures For A Portion Of One Time Start Up Remodeling Costs Associated With A New Residential Care Facility Contract

Setzer discussed this ordinance which modifies the Department of Health and Human Services (HHS) 2019 budget to increase expenditures \$355,000 using general fund balance for one-time start-up and remodeling of a new medically monitored and transitional residential care facility in Waukesha County.

Staff are estimating to utilize up to 3,000 bed days per year for Waukesha County clients at this facility at an annual cost of approximately \$414,000. HHS manages these client treatment costs in its operating budget. The contract requires the vendor to be certified under the Comprehensive Community Services (CCS) program after one year to be eligible for revenue reimbursement for treatment services estimated at \$122,100 annually. In addition, under the terms of the proposed contract, client room, board, and treatment rates will be frozen for five years.

The start-up cost contribution of \$355,000 is expected to be recovered over the first five years of the contract with the enhanced revenue and fixed rates. See chart below. The proposed contract requires a payback requirement of \$60,000 for each year the vendor would default in the first five

years. This would reimburse the County for the return on investment not achieved in the five-year period in the projected analysis.

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Five Year Return</u>
Total Savings for Both Programs	\$0	\$122,100	\$122,100	\$122,100	\$122,100	\$488,400
Capital Contribution(a)	(\$355,000)	(\$10,650)	(\$10,970)	(\$11,299)	(\$11,638)	(\$399,556)
Net Savings After Capital	(\$355,000)	\$111,450	\$111,131	\$110,801	\$110,462	\$88,844

(a) Assumes cost of capital of 3% annually

Mader advised an amendment to change the word “abuse” on line 11 to “use disorders” was approved by the Health & Human Services Committee.

MOTION: Paulson moved, second by Wysocki to approve Ordinance 174-O-021 as amended. Motion carried 7-0.

Year-end Claims Report

Jatczak discussed the report titled “Workers Compensation 2014-2018 Claims History Summary” as outlined. In 2018, a total of 106 claims opened and 44 remained open at year-end. No claims were in litigation. The total incurred was \$406,381. Since 2014, 490 claims were opened, 69 remained open at year-end 2018, and the total incurred was \$4,215,330. Jatczak highlighted some of the larger claims that opened and closed in 2018.

Stauffer discussed the report titled “Waukesha County Claims History 2014-2018” as outlined. In 2018, a total of 35 general liability claims opened and 11 remained open at year-end. The total incurred was \$217, 730. For auto liability, 12 claims opened and zero remained open at year-end. The total incurred was \$28,352. A total of 33 auto physical damage claims opened, 4 remained open at year-end, and the total incurred was \$107,302. Stauffer indicated 25 property damage claims opened in 2018, 5 remained open at year-end, and the total incurred was \$102,816. Stauffer highlighted some of the larger claims that opened and closed in 2018.

MOTION: Michalski moved, second by Dondlinger to accept the year-end claims report. Motion carried 7-0.

Annual Report of the Treasurer’s Office

Reeves and Schultz discussed the 2018 annual report as outlined which included data on total receipts and disbursements, bank and investment balances, and tax deed properties sold in 2018; agricultural land use conversions, real estate and personal property parcels, and County tax levy statistics for 2012-2017; 2017 rolls collected in 2018 and first installment property taxes collected for each town, city, and village.

MOTION: Wysocki moved, second by Morris to accept the annual report of the Treasurer’s Office. Motion carried 7-0.

Introduction of Department of Administration Nominee Andy Thelke

Thelke discussed his extensive Lean training and County employment history including Senior Financial Analyst, Enterprise Operations Manager, and Business Services/Collections Manager.

Year-end Report on Proprietary Funds

Thelke and Hein reviewed the year-end report for the County's enterprise and internal service funds. Those funds that showed a net income were Vehicle/Equipment Replacement (\$268,670); Radio Services (\$171,337); and Records Management (\$56,293). Those funds that showed a net loss were the Naga-Waukee Golf Course (-\$62,756); Wanaki Golf Course (-\$330,416); Moor Downs Golf Course (-\$58,214); Naga-Waukee Ice Arena (-\$50,165); Eble Park Ice Arena (-\$88,422); Materials Recycling (-\$1,500,525); Airport (-\$118,011); Central Fleet (-\$84,658); Communications (-\$2,892); Risk Management/Workers Compensation (-\$276,919); Collections (-\$56,092); End User Technology (-\$532,496); and Health Insurance (-\$626,051).

MOTION: Paulson moved, second by Dondlinger to accept the year-end report on Proprietary Funds. Motion carried 7-0.

Year-end Special Revenue and General Funds Report

Witkowski reviewed 2018 year-end General Funds. The report indicates a positive variance of \$3.65 million or 2.1% of the modified expenditure budget of \$176 million. This includes expenditures under budget by \$6.41 million or 3.6% of the budget and non-levy revenues under-achieved by \$2.76 million of \$87.7 million budgeted. Witkowski highlighted significant revenues and expenditure impacts and each fund as outlined. Highlights of the Special revenue funds include the Transportation Fund which had a favorable budget variance of \$793,100 largely due to below-budget road salt of \$440,000 and lower costs for roadway maintenance by about \$200,000. The Community Development Fund ended the year with an unfavorable fund balance impact of \$339,000 which represents higher expenditures than the program income and revolving loan revenues generated from the repayment or reimbursement of grant funds. The Land Information Systems Fund finished the year with an unfavorable variance of \$92,000 mainly due to recording fees under budget by \$151,100.

MOTION: Foti moved, second by Michalski to accept the year-end Special Revenue and General Funds report. Motion carried 7-0.

State Legislative Update

Spaeth updated the committee on legislation pertaining to biennial budgets, early voting, and the Lemonade Stand bill. Spaeth also indicated the County continues to address state budget issues.

MOTION: Wysocki moved, second by Dondlinger to adjourn at 11:55 p.m. Motion carried 7-0.

Respectfully submitted,

Thomas A. Michalski

Thomas A. Michalski
Secretary