

Minutes of the Finance Committee

Wednesday, July 8, 2015

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

Present: Supervisors Jim Heinrich, Larry Nelson, Bill Zaborowski, and Richard Morris. Eric Highum arrived at 8:50 a.m. **Absent:** Duane Paulson and Steve Whittow.

Also Present: Chief of Staff Mark Mader, Community Development Coordinator Kristin Silva, Accounting Services Manager Larry Dahl, Senior Financial Analyst Danielle Igielski, Information Technology Manager Mike Biagioli, Administration Director Norm Cummings, and Budget Manager Linda Witkowski. Recorded by Mary Pedersen, County Board Office.

Approve Minutes of June 17

MOTION: Zaborowski moved, second by Morris to approve the minutes of June 17. Motion carried 4-0.

Schedule Next Meeting Date

- July 22 – 8:15 a.m.

Announcements

Heinrich announced he will be attending the County Executive's upcoming budget meetings and like last year, he will be asking other committee members to attend some of those meetings on his behalf.

Morris indicated he will not be able to attend the July 22 and August 5 Finance Committee meetings.

Contract Procurement Process for Community Development Block Grant (CDBG) Revolving Loan Fund Administration

Silva advised the contract was awarded to Wisconsin Women's Business Initiative Corporation (WWBIC), the only company to submit a response, for a total contract cost of \$57,000. The budgeted amount is \$402,000. This is a fixed fee contract with amounts set by HUD/CDBG, therefore, cost was not an evaluation factor. The balance of the budgeted amount (\$345,000) is for actual loans.

Silva said the company is well qualified, they scored well, and have been in business 27 years. They have done work for our Department of Administration on the Leverage Loan Fund and they have worked with CDBG in other counties and cities in the state. To answer Heinrich's question, Silva said she was surprised with only one response but was happy it was them.

MOTION: Nelson moved, second by Morris to approve the contract procurement process for Community Development Block Grant (CDBG) Revolving Loan Fund administration. Motion carried 4-0.

Overview of the Comprehensive Annual Financial Report (CAFR)

Dahl, and Igielski were present to review the Waukesha County CAFR for the year ending 2014 including the introductory and financial sections, General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Proprietary Funds, Fiduciary Funds, Long Term Debt and Capital Assets, and the statistical section.

Dahl advised this report serves the same purpose as a corporate financial report and reflects actual County budgetary results. It is utilized by investors and credit rating agencies for bond issue purposes and it may also be viewed by regulators, granting agencies, the press, and public.

Highum arrived at 8:50 a.m.

MOTION: Morris moved, second by Zaborowski to accept the 2014 CAFR. Motion carried 5-0.

Mid-Year Department of Administration Capital Projects Status Report

Cummings, Biagioli, and Dahl were present to give a status update on the department's capital projects. No major concerns were raised.

MOTION: Highum moved, second by Nelson to accept the mid-year status report on Department of Administration capital projects. Motion carried 5-0.

Mid-Year Department of Administration Budget Status Report

Cummings and Biagioli were present to give a status update on the department's major strategic objectives in 2015. No major concerns were raised.

MOTION: Highum moved, second by Nelson to accept the mid-year Department of Administration budget status report. Motion carried 5-0.

Budget Assumptions/Kick-Off Information

Cummings and Witkowski reviewed the 2016 budget kickoff materials which included information on strategic outcomes, long-term strategic budgeting under a challenging fiscal environment, internal and external budget environments, revenue issues, and levy targets per County department.

Regarding the external budget environment, Cummings said a moderate economic recovery is expected to continue as are low interest rates. The investment income budget was reduced \$800,000 in 2014 and another reduction of \$200,000 is estimated to be needed in 2016 to be more in line with actual earnings. Higher interest rates are expected beginning in 2016 but will not be realized until 2017. Moderate inflationary cost increases are expected and should be around 2%. The tax base for the 2015 budget year increased for the first time following six straight years of decreases. New construction and its impact on tax base expansion is estimated to be similar to last year at 1%.

Regarding the internal budget environment, Cummings said health insurance premiums are expected to increase 1-3% which is very positive considering elsewhere it is typically 5-7% annually. Interdepartmental charges are generally held to a 2% increase. Charges for services increase incrementally to cover cost to continue. The debt service levy is expected to increase due to the construction of new courtroom facilities scheduled to begin in 2018.

Regarding revenues, Cummings said investment income will be reduced by \$200,000 and delinquent tax revenue by \$55,000. Recording fees will also be reduced due to current real estate trends. Currently, the state budget includes stable revenues overall.

Witkowski explained proposed levy targets/increases for the Sheriff's Department (\$175,000), Emergency Preparedness (\$35,000), Circuit Court Services (\$0), District Attorney (\$30,000), Medical Examiner (\$0), Health & Human Services (\$140,000), Corporation Counsel – Child Support (\$5,000), Public Works (\$75,000), Transportation Services (\$0), Airport (\$0), Parks & Land Use (\$0), Register of Deeds (\$0), UW-Extension (\$0), Administration (\$0), Treasurer (\$15,000), County Clerk (\$25,000), and Corporation Counsel (\$5,000).

Witkowski referred to the above-listed budget targets as challenging and discussed strategic budgeting under a challenging fiscal environment. Departments will continue to identify innovative ways to collaboratively reduce costs, identify service and organization efficiencies, look for sustainability with cost savings, consolidate service delivery methods for improved efficiencies, invest for future payoffs (ROI imperative), and prioritize budget resources to achieve key strategic outcomes.

Nelson noted while there is no levy in the drug treatment court program, there is levy in the alcohol treatment court program. Whether or not there will be any new grant funding is unknown at this time. He hopes this will be examined further as the budget progresses and felt a new position would be beneficial to the drug treatment court program. Cummings explained this issue and said funding for both programs will not be reduced. It is being monitored. He indicated that Health & Human Services has many good programs for AODA, not just the treatment courts, and it was important to look at them as a whole.

State Legislative Update

Spaeth said the senate passed the budget yesterday. All items passed except the Bucks arena funding package. Prevailing wage reform was added into the budget and that will have somewhat of an impact on the County. The senate also wanted to add verbiage restricting health care plans for protective employees. This would have cost the County money but ultimately it was removed. The assembly is taking up the budget today and it is expected to pass. A detailed State budget overview and how it affects the County will be brought forward in the near future.

MOTION: Zaborowski moved, second by Highum to adjourn at 10:20 a.m. Motion carried 5-0.

Respectfully submitted,

William J. Zaborowski
Secretary