

Minutes of the Finance Committee

Wednesday, May 16, 2018

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

Present: Supervisors Jim Heinrich (Chair), Tim Dondlinger, Tyler Foti, Tom Michalski, Richard Morris, Duane Paulson, and Ted Wysocki.

Also Present: Chief of Staff Mark Mader, Legislative Policy Advisor Sarah Spaeth, Victim/Witness Program Coordinator Jennifer Dunn, Business Manager Lyndsay Johnson, Financial Analyst Josh Joost, Administration Director Norm Cummings, Human Resources Manager Jim Richter, Employee Benefits Administrator Andrea Mohr, Principal Financial Projects Analyst Bob Ries, Accounting Services Manager Larry Dahl, Budget Management Specialist Bill Duckwitz, Principal Financial Projects Analyst Danielle Igielski, Business/Collections Services Manager Andy Thelke, County Board Chair Paul Decker, Public Works Director Allison Bussler, Airport Manager Kurt Stanich, UW-Extension Director Jerry Braatz, Budget Manager Linda Witkowski, Senior Financial Analyst Steve Trimborn, Senior Landscape Architect Nicki Jensen, Emergency Preparedness Director Gary Bell, Radio Systems Manager Chris Petterson, Risk/Purchasing Manager Laura Stauffer, and Corporation Counsel Erik Weidig. Recorded by Mary Pedersen, County Board Office.

Next Meeting Date

- May 22 at 6:30 p.m. (Paulson absent)
- June 20 at 8:15 a.m.

Chair's Executive Committee Report of May 14

Heinrich said the Executive Committee elected Peter Wolff as secretary and they approved the scope for the Information Systems Division audit, the Internal Audit Work Plan, three ordinances, and ten appointments.

Review Correspondence

Copies of the Finance Committee's status reports schedule were distributed.

Committee Welcome and Opening Remarks by Chair

Heinrich thanked the committee for requesting to be on the Finance Committee and introduced new member, Tyler Foti. He asked committee members to inform the County Board Office of any absences or late arrivals/early departures for quorum purposes. He will be asking committee members during the budget process to participate in budget discussions with the County Executive. He also asked that phones be silenced during meetings.

Nomination and Election of Vice Chair and Secretary

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

MOTION: Morris moved, second by Wysocki to elect Michalski as secretary. Motion carried 7-0.

Discuss Committee Duties and Responsibilities as Written in the County Code of Ordinances
Mader highlighted the duties and responsibilities of the Finance Committee as written in the County Code of Ordinances.

Ordinance 173-O-010: Accept Victims Of Crime Act Grant Funding And Modify The Waukesha District Attorney's Office 2018 Budget

Dunn discussed this ordinance which authorizes the District Attorney to accept Victims of Crime Act (VOCA) funding including a grant award of \$38,385 and a training allocation of \$3,318. These funds will support the attendance of victim assistance staff at a variety of training events and conferences, fund waiting room furniture for victims and additional supplies for the Victim Assistance Program, and provide emergency funds for crime victims. Allocations are as follows: waiting room furniture (\$16,499); travel costs (\$8,200); training and conference registration (\$6,714); mileage reimbursement (\$4,000); and miscellaneous interdepartmental charges (\$3,490). This ordinance results in no direct impact on the 2018 tax levy.

MOTION: Wysocki moved, second by Morris to approve Ordinance 173-O-010. Motion carried 7-0.

Ordinance 173-O-011: Expenditure Of Seized Funds - Amend The 2018 Sheriff's Department Budget For Multiple Purchases - May 2018

Gumm indicated the department is requesting to appropriate a maximum of \$123,000 of seized funds to purchase the following enhanced active shooter law enforcement equipment: rifle lights (\$14,400); tactical vests (\$46,600); helmets (\$28,200); automated external defibrillators (\$23,400); and school risk assessment and school active shooter response training (\$10,400). The department currently has a balance of undesignated seized funds available totaling \$396,600. Staff estimate the ongoing operating and maintenance costs for these items to be minimal and will be covered within their current and future base budgets. This ordinance results in no additional direct tax levy impact in 2018. Johnson briefly explained how funds are received and allocated.

MOTION: Morris moved, second by Dondlinger to approve Ordinance 173-O-011. Motion carried 7-0.

Update on the Waukesha County Employee Health & Wellness Center

Cummings, Richter, and Mohr were present to discuss the report titled "Health and Wellness Center - Year Three Review" which including information on utilization, financials, and 2017 and 2018 initiatives. Cummings gave background and justification for the center. He discussed the center's success and said years ago, staff estimated a \$2.5 million County savings by year five. The center accepts employees and family members of those working for Waukesha County, the Waukesha School District, and the City of Waukesha. Total center utilization in year three totaled 12,294 visits compared to 10,135 in year two and 5,745 in year one. Waukesha County accounted for 39% of visits in year three compared to the Waukesha School District at 41% and the City of Waukesha at 20%. For Waukesha County, the center resulted in a net cost avoidance of \$4,058,601 in year three. Over three years, the net County savings was \$5,946,810 and County employees saved a total of \$504,384 in office visits. Mohr indicated 99.5% of those surveyed rated the center as excellent/good and very likely/likely to return. Staff went on to discuss 2017 and 2018 initiatives.

Presentation on Financial Management and Fund Balance Policies and Bond Ratings

Cummings explained, as outlined in his handouts, the County's budget philosophy and Triple A bond rating, unassigned fund balances from 2006 through 2018, long-range funding, capital and debt policies, 2016 Waukesha County employment diversification, Waukesha County's 2018 major employers, trends in equalized values and residential construction permits, and 2017 equalized value by classification.

Review County Investment Policies

Ries discussed the County's investment policies as outlined in "Investment Review Policy" which included information on objective, prudent person rule, delegation of authority, reporting requirements, internal controls, eligible investments, competitive selection of investment advisors, and safekeeping.

1st Quarter Investments Report

Ries discussed the 1st quarter investments report as outlined. Total interest earnings for the quarter were \$666,626, up \$121,164 from the 4th quarter, due largely to an increase in the average invested balance of approximately \$29.6 million from the 4th quarter. Interest earnings are also up \$175,497 from the 1st quarter of 2017, due to higher yields available in the market. The total return for the quarter was unchanged from the last quarter, at 0.37%. For the year ending March 31, 2018, County investments returned 1.36%. For the 1st quarter, all managers exceeded their benchmark except Alberts Investment Management. For the year ending March 31, 2018, all portfolios outperformed the benchmarks. Rates continued to rise during the quarter (two-year Treasury went from 1.90% to 2.27% and 5-year Treasury went from 2.22% to 2.58%) leading to lower market returns. The total County investment balance at the end of the 1st quarter was \$178,629,985.

MOTION: Dondlinger moved, second by Michalski to accept the 1st quarter report on investments. Motion carried 7-0.

Contract Procurement Process for Banking Services

Ries advised this five-year contract was awarded to JP Morgan Chase Bank, the highest rated proposer, with net interest earnings totaling \$696,540 over the five-year period. Six banks submitted proposals in response to the RFP.

MOTION: Paulson moved, second by Dondlinger to approve the contract procurement process for banking services. Motion carried 7-0.

Ordinance 173-O-015: Approve Amendment No. 2 To First Amended And Restated Hangar Land Lease Agreement Between Waukesha County And Stein's Aircraft Services, LLC

Bussler and Stanich were present to discuss this ordinance which amends an existing contract between the County and Stein's Aircraft Services (SAS) signed in 2015. Under the current contract, the County agreed to allow SAS to construct a fuel farm at the Waukesha County Airport and begin selling fuel to customers. The County agreed to waive lease payments that SAS would owe for the fuel farm through 2020, taking into account the investment SAS was making in fuel farm infrastructure and that SAS would be contractually required to complete construction of a hangar by April 1, 2018. This hangar would become County property at the end of the contract in 2033. The value of these forgone land lease payments, prior to the required date for hangar completion, is about \$110,000 (over 36 months waived). The original contract also stated that if SAS did not build the hangar by April 1, 2018, SAS would be required to pay back three years' worth of land lease payments for the land set aside for the new hangar (approximately \$100,000).

Bussler said SAS has not fulfilled their contractual obligation to build a hangar and their permission to perform fuel operations has been suspended per the provisions of the current agreement. If the provisions of this ordinance are approved, the timeline for building will be extended and SAS will be permitted to resume fueling operations.

Under the amendment, SAS will be required to begin making land lease payments for the fuel farm beginning June 2018, starting at \$1,500 per month through June 2019, increasing to \$2,000 per month through March 2020, and at the original contract amount thereafter (\$3,226 per month). During this time, the County will also resume receiving fuel flowage revenue (\$0.10 for every gallon sold at the airport), which is estimated to be about \$20,000 annually.

Under this amended contract, SAS will be given until December 31, 2018 to notify the County whether they intend to build a hangar or not. If SAS agrees to build the hangar, they must execute a land lease agreement by March 30, 2019 and begin construction within 90 days. If SAS chooses not to build a hangar, they will be permitted to continue fueling through June 2019 but will cede the permanent land improvements SAS built for the fuel farm as stipulated in the current contract (i.e., concrete slab, fencing, and other related equipment) to the County, originally estimated to be worth about \$225,000. This amended contract would also waive the requirement for SAS to payback three years' worth of land lease payments for the land set aside for the new hangar. In addition, if SAS does not build the hangar, the County will not receive the annual land lease revenues going forward (\$35,788, in 2018 dollars). Bussler said staff will begin working on a Request for Proposal (RFP) in the event one is needed in the future.

MOTION: Morris moved, second by Michalski to approve Ordinance 173-O-015.

Paulson said he felt there was no incentive for Stein to build the hangar and the contract needed to be altered which he discussed further. Heinrich said he voted 'no' at the Executive Committee meeting because he felt they were not penalized enough. Dondlinger agreed with Paulson and he discussed his concerns about the message this is sending to others who may contract with the County. He will support it, however, and agreed with Morris that this is the best course moving forward at this time. Michalski also agreed. Wysocki and Paulson commented that staff should have realized no ground was being broken for the new hangar. Wysocki said he will support the ordinance, reluctantly, but noted we have a responsibility to monitor our contracts.

Motion carried 5-2. Heinrich and Paulson voted no.

Ordinance 173-O-009: Authorize Waukesha County University Of Wisconsin Extension Office To Accept Grant Funds And Modify The 2018 Budget To Appropriate The Greater Milwaukee Foundation Grant Revenue For The Tower Hill Neighborhood Initiative Project

Braatz discussed this ordinance which authorizes UW-Extension to accept \$30,000 from the Greater Milwaukee Foundation. The 2018 budget would be modified to increase operating expenses by \$25,929, including contracted services of \$25,500 for education programing focused on physical housing conditions and curb appeal, exterior housing conditions, weatherization, and energy efficiency. The remaining operating expenses are for office operations along with \$4,071 of interdepartmental charges for office technology and overhead costs. Program efforts will also focus on community leadership which may lead to the creation of an organization that may be eligible for

Community Development Block Grant funds in the future. This ordinance has no direct impact on the tax levy.

MOTION: Paulson moved, second by Michalski to approve Ordinance 173-O-009. Motion carried 7-0.

Year-End Special Revenue and General Funds Report

Witkowski reviewed 2017 year-end General Funds. The report indicates a positive variance of \$5.3 million or 3.1% of the modified expenditure budget of \$172 million. This includes expenditures under budget by \$6.18 million or 3.6% of the expenditure budget and non-levy revenues under achieved by \$889,000 of \$84.82 million budgeted. She went on to discuss Special Revenue Funds. The Transportation fund showed a favorable budget variance of \$539,900 largely due to below-budget interdepartmental charges of \$325,000 with lower costs related to maintenance and replacement of vehicles and below-budget fuel costs operating expenses, mainly due to favorable weather conditions. The Community Development Block Grant (CDBG) fund ended the year with a favorable fund balance impact of \$251,400 which represents 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 \$100,600 mainly due to recording fees under budget by \$131,300.

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

Ordinance 173-O-006: Authorize Department Of Parks And Land Use To Apply For And Accept State Stewardship Local Assistance Grant Funding And Federal Recreational Trails Program Funding For The Lake Country Trail STH 67 Underpass Capital Project

Jensen discussed this ordinance which authorizes the Parks and Land Use Department to apply for and accept State Stewardship Grant funding from the Wisconsin Department of Natural Resources for the Lake County Trail STH 67 Underpass capital project. These revenues, budgeted at \$98,000, will cover approximately 10% of project design and construction costs as planned for in the 2018-2022 Capital Project Plan. The construction phase for this project is planned for 2019, subject to County Board approval during the 2019-2023 Capital Project Plan review process. This ordinance results in no additional direct tax levy impact.

MOTION: Paulson moved, second by Foti to approve Ordinance 173-O-006. Motion carried 7-0.

Ordinance 173-O-012: Approve T-Mobile Cell Tower And Ground Lease At The Davidson Road Tower

Bell and Petterson were present to discuss this ordinance which approves an agreement between the Emergency Preparedness Department and T-Mobile Central LLC for the lease of tower attachment locations and ground space at the County's Radio Services Building in the City of Waukesha. The lease will start no later than October 1, 2018 and will run for an initial period of five years with four renewal periods of five years each for a potential of 25 years. Under the terms of the lease, T-Mobile will pay the County \$34,000 annually beginning in 2018 with increases of 3% per year thereafter. The revenue will be applied to the Radio Services proprietary fund. No additional expenditures are anticipated due to this lease and this ordinance is estimated to have no direct tax levy impact.

MOTION: Paulson moved, second by Wysocki to approve Ordinance 173-O-012. Motion carried 7-0.

Risk Management Determination of Liability and 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 booked total \$1,031,703 which will result in a year-end reserve balance of \$4,570,949 – a confidence level of approximately 75%. Ideally, this level should be between 75% and 95%. Stauffer went on to discuss liability loss triangles and history as outlined in her handout.

Closed Session

MOTION: Paulson moved, second by Dondlinger to go into closed session at 12:23 p.m. pursuant to Section 19.85(1)(g), Wisconsin Statutes, to confer with staff and Corporation Counsel who is rendering oral advice concerning strategy to be adopted with respect to the potential compromise of pending litigation: Diane Scheerer v. Waukesha County; and Eduardo Deleon v. Waukesha County. Motion carried 6-0. (Foti was absent for the vote).

Open Session

MOTION: Paulson moved, second by Morris to return to open session at 12:50 p.m. Motion carried 7-0.

Approve Full and Final Settlement in Workers Compensation Case: Eduardo Deleon v. Waukesha County

MOTION: Morris moved, second by Paulson to approve the full and final settlement for Deleon v. Waukesha County. Motion carried 7-0.

MOTION: Michalski moved, second by Foti to adjourn at 12:53 p.m. Motion carried 7-0.

Respectfully submitted,



Thomas A. Michalski
Secretary