



**Finance Committee Meeting  
January 08, 2019  
6:00 pm  
Municipal Building, City Manager's Conference Room (2<sup>nd</sup> Floor)  
312 W Whitewater St.  
Whitewater, WI 53190**

**Minutes**

**1. Call to order and roll call.**

Meeting called to order by L. Binnie at 6:00 pm.

Present: Lynn Binnie, Chris Grady, Patrick Singer

Absent: None

Others: Cameron Clapper (City Manager), Steve Hatton (Finance and Administrative Services Director).

**2. Minutes: Review and approval of minutes from December 11, 2018 meeting:**

Motion to approve minutes as prepared and distributed by P. Singer. Second by C. Grady.

Aye: All via voice vote (3)

Nay: None

Absent: None

**3. Staff Updates:**

a. Financial Overview – Preliminary YTD through December 2018

Comments provided by S. Hatton:

- General Fund currently shows a preliminary operating surplus against budget of \$520K. Both revenues and expenditures are favorable by \$290K and \$230K respectively. This surplus will decline as December payroll, payables, and year-end closing entries are made. At this time, we still expect to close the year favorable to budget, but difficult to provide a firm figure at this point.
- Liability reflected on the exhibit was questioned for TID 4 as to whether this represented the TID debt balance. Follow-up clarification: this value reflects deferred revenue (primarily TID Levy in 2018 that will become income in 2019). TID debt balance at end of 2018 should total \$4.785MM.
- Aquatic Center currently shows a deficit of \$112K. This will be reduced as month/year-end entries are completed. The WUSD payment for the 2<sup>nd</sup> half of the year will arrive in January. Staff completed a review of facility scheduling during the 2019 budget process and is currently evaluating membership reporting, fees, and policies on membership types to bring the facility to an operating break-even. Discussion also covered a recent boiler failure and potential need for a Capital campaign.

**4. Debt sourcing premium (General Obligation vs. Revenue)**

- a. S. Hatton reviewed estimate of cost difference to utilize Revenue debt to finance Utility projects instead of General Obligation (GO) debt per C. Grady request. Given assumptions used, estimate shows an additional annual cost of \$64,000 to use Revenue Debt. This equates to an increase of roughly \$1.44 per monthly bill. Goal of

making this change would be to ensure we preserve GO borrowing capacity for unanticipated needs. May be reduced if we can borrow less due to higher fixed charge coverage requirements (resulting in higher liquidity) of Revenue debt. We will have a better estimate of potential borrowing reductions when the Utility Rate Study is complete.

5. Discussion / Direction:

- a. Shared-Ride Taxi Program. S. Hatton presented exhibit outlining suggested actions to address anticipated 2018 and 2019 operating shortfalls.
  - i. Unused 2018 provision to replace 2014 Minivan plus ~\$4,200 of fund balance will close the 2018 shortfall.
  - ii. 2019 shortfall to be closed by a combination of 1. Fare changes. 2. Marketing initiatives and 3. Coordination with other local transport.

Discussion ensued around each and changes to program ridership. Additional questions raised around controls/audit trail around fare revenue.

Support expressed for some level of local contribution to maintain program to avoid increasing fares on lower income or senior residents. Direction to recommend suggested fares increases for Agency, Extra stops, Package, and Extra mileage. All other fares to remain static. Bring to Council in February after meeting public hearing notice requirements.

- b. 2019 Salary Resolution. Changes from 2018 include 1. Increase of top of range by 2.8% (budgeted 2% x 1.4 max merit pay opportunity) and 2. Update of Municipal Judge FTE value to reflect estimated annual hours. Discussion whether Municipal Judge position should be included.

Motion to approve as presented with removal of Municipal Court Judge position by C. Grady. Second by P. Singer.

Aye: All via voice vote (3)  
Nay: None  
Absent: None

- c. Compensation Policy. S. Hatton reviewed historical controls and documented procedures used to manage wages. He outlined migration from historical fixed step-tables to single salary resolution table and elements included. He identified lack of documented procedure treatment around benchmarking wage levels against the marketplace – either proactively or when recruiting to fill a vacancy. Discussed desire to develop and document these elements within a Compensation Policy document

A benchmarking discipline would maintain an awareness of market wage status across city positions and identify which positions receive competitive wages and which may not. Discussed difficulties in selecting proper benchmarking peers appropriate for all positions across the organization. There are trade-offs in cost and suitability between third-party data and staff time required to form agreements and compare position descriptions with other communities to tailor a custom peer set. An evaluation of employee turnover from 2016-2018 is being developed to determine cause of departure and cost differences between departing staff and replacement hires.

An illustration of the potential financial impact of wage benchmarking scenarios was reviewed, based on 2015 salary study data indexed for inflation. Concern expressed over suitability of 2015 data and importance of proper benchmark comparables that representative of our recruiting footprint and are accepted by Council Members.

Direction given to develop a draft procedure for review by Finance Committee that will address this need effectively and efficiently that provides awareness without creating an obligation for wage treatment.

- d. Priority Based Budgeting (PBB). C. Clapper provided an overview of PBB concept, a best-practice supported by the ICMA. PBB is a process that develops budgets that are directly linked to the organization's strategic plan (Vision/Mission/Goals) through an objective evaluation of programs offered. He has begun exploring the concept with ResourceX, a vendor that provides training, software and consulting to implement this concept. They have worked with Washington County, City of Monroe, Jefferson County and the City of Sheboygan.

6. Future agenda items

- a. Policy on City Manager's Performance review

7. Discussion of February Meeting Date

- a. Next meeting to be at 6 pm on Tuesday February 26<sup>th</sup>.

8. Adjournment

Motion to adjourn at 8:29 pm made by C. Grady. Seconded by L. Binnie. Motion approved

Aye: All via voice vote (3)

Nay: None

Absent: None