



Finance Committee Meeting
October 12, 2017
5:00 pm
Community Meeting Room
Municipal Building-1st Floor
312 W Whitewater St
Whitewater, WI 53190

MINUTES

1. Call to order and roll call.

Meeting was called to order by Lynn Binnie at 5:30 pm. The meeting was held in the Community Room, 1ST Floor Municipal Building, Whitewater, WI 53190.

Present: Patrick Singer, Lynn Binnie

Absent: Chris Grady

Others: Cameron Clapper (City Manager), Steve Hatton (Director of Finance/Administrative Services, Michele Smith (City Clerk), Eric Boettcher (Park and Recreation Director), Judy Atkinson (HR Coordinator), Kristin Mickelson (PR/Communications Manager), Tim Nobling (Chief Information Officer), Patrick Cannon (CDA Coordinator), Chief Lisa Otterbacher (Chief of Police), Dan Meyer (Captain), and Kathy Boyd (Support Services Manager)

2. Minutes: Review and approval of minutes of

a. September 21, 2017 meeting

Motion by Singer, Second by Binnie to approve minutes as posted:

Aye: All via voice vote (2)

Nay: None

3. Review of financial position against budget through September 30, 2017.

Item #3 skipped due to time.

4. Review and Direction re: collateralization of City deposits.

Motion to adopt the agenda and waive the transparency requirement for 72 hours' notice by Singer, Second by Binnie:

Aye: All via voice vote (2)

Nay: None

One of the audit notes from 2016 related to having a significant deposit balance held in a local bank that was not collateralized beyond the FDIC insured amounts. Given this and current request of Premier Bank to re-document existing collateralization agreements following their purchase with Commercial Bank, the City has 3 options to protect uninsured deposits:

A. Bank pledges bonds as collateral to cover deposits in excess of uninsured value. In the past we have maintained pledged bonds for this purpose. The bonds are currently pledged based on par value – meaning they would need to be held to maturity to recoup loss of deposits, should the need arise. Another option is to use Market Value as basis for this pledge. Hatton

- has not seen the complete listing of the City bonds to date, but bank has commented they include up to a 5-year maturity.
- B. Letter of Credit: Bank would take out a Letter of Credit with another issuing bank, which would substitute the credit risk of the issuing bank for the local bank. There is a cost to this approach that should be attractive to the local bank as an alternative to having to manually track and segregate specific bonds from the bank's assets. Uncertain what other benefits there may be to the bank in terms of regulatory reserve requirements.
 - C. State Investment Pool: Manually sweep funds in excess of insurance limits. The City used the state pool in the past, but discontinued.

Hatton is recommending Option 2 because you can establish the letter of credit value to cover the high-water mark of expected tax deposits are covered.

Motion to concur with Hatton's recommendation on collateralizing City deposits and requesting the bank to use a Letter of Credit to back those funds by Singer, second by Binnie

Aye: All via voice vote (2)

Nay: None

5. 2018 Operating Budget review of the following departments and funds:

Steve Hatton presents an overview in approaching the 2018 budget. Budget goals are to.

A. General Fund:

- Improve transparency by documenting purpose, funding requirements, constraints and balances,
- Recapture dormant funds and reprioritize to fund current needs,
- Establish self-sustaining funds for special revenue funds which were non-existent before 2018.

B. Operation Side:

- Approached the Operating Budget with the request of each department to approach with a static or reduced context.
- No directed reduction tasks given throughout the process.
- A provision for waste treatment was added.
- The City is looking to just maintain existing service.
- Focus to further drive efficiency gains vs. budget.
- Deploy idle fund balances to close some gaps within the budget.

There were a total of 11 operating initiatives proposed for 2018. The 2018 Budget reflects 8 of those operating initiatives which are being recommended.

1. CDA Economic Development Specialist
2. Accounting Position Change
3. HR Position Change
4. Website Design
5. PT-Clerical Position-Personnel Increase (Police Dept.)
6. WISCOM VHF Digital Radio Channel
7. Health and Wellness Check up-Police:
8. Recreation Coordinator Wage Reclassification

Revenues – General Fund

1. Local Tax Levy
2. Debt Service Tax Levy

The two tax levies combined total: \$3,580,800. \$417,365 is the proposed city debt service levy, which when combined with the local tax levy is an increase of about \$126,000 more than what was proposed in May. This is due to the City aligning the budget document to mirror the structure of the state levy-limit worksheet. Other notable changes to the General Fund:

- Room tax will increase from 5% to 8%, which will make a net \$10,000 increase to the community.
- Transportation aids are up \$7000.
- University Services reflects a \$26,000 decrease. The formula hasn't changed over the years, but the amount which is funded by the State has reduced.
- State Shared Revenue is down about \$40,000. The City did qualify for the State Expenditure Restraint Program which brought in \$40,000, which basically cancelled out the State Shared Revenue.
- Cable TV will no longer be able to transfer funds to the General Fund. Last year \$27,000 was transferred.
- Parking Permit Fund- No money will be transferred to the General Fund. All proceeds will be used to maintain City parking/parking lot related issues.
- Fund 450 Transfer has been eliminated which accounted for \$130,000 last year into the General Fund.

Debt Service – Revenue and Expense, Projections

- Room Tax increase will allow for an increase in funding to promote tourism as well as additional funds to support general city operations.
- Election Fund will be increased due to more elections in 2018
- Wage Treatment History: Most employees working for the City have more than the 5-year tenure that is covered by the existing step-system used to manage wage increases. Merit based pay schedule will be developed in 2018, but has not been included in the 2018 budget. Clapper is recommending a 1.5% wage increase for all employees.
- Health Insurance: City is proposing employees pay 15% in 2018, which is a 3% increase from the 2017 level of 12%. 11 communities were polled on health insurance rates for 2018 and most data supports a 12% or less share for employees. City Manager recommends a 1.5% increase in wages be approved from Council if they choose to approve the 3% increase in health costs. If the 1.5% is not approved, then the City Manager would like the 12% health contribution to remain for all employees. HRA is a voluntary option in the State Plan. Many communities are moving to incentivize their employees for being healthier. This is something the City will work on incorporating in the future.
- Singer requests information regarding the insurance buyout. How many employee taking the buyout now would select City insurance if there were no buyout incentive offered? What are other communities offering for those employees who do not take insurance through them?

Capital Projects

The City will be borrowing to cover the expense of Capital projects in 2018.

Administration

Legislative Support (51100)

- \$30,000 allocated to DTWW
- Binnie requests the office supplies be looked at due to the significant decrease in budgeted amount for 2018.

Elections (21400)

- The election budget for 2018 is almost double due to twice as many elections this year. Office supplies will be reduced to almost half even though there is twice as many elections. This may be in part because ballot costs will be reduced, which will reduce office supply expenses.

Contingencies (51110)

Municipal Court (51200).

- The Municipal Clerk position will be increase from a half position to a three quarters position in 2018.

Legal (51300)

General Administration (51400)-City Manager, Clerk & HR

- General Administration shows a total net increase of \$13,793. A majority of the increase is due to the 1.5% increase in wages and position restructuring. The HR Coordinator position will move from a $\frac{3}{4}$ position to fulltime position in 2018.
- Binnie inquires about the reduction in assessor services by \$6000. It appears the City has budgeted less in 2018 than what has normally been paid over the years. Binnie requests the assessor budget be re-examined.
- Administration operating supplies has no budget for 2018. Office supplies and operating supplies will be merged together under office supplies for easier coding, thus nothing has been budgeted to operating supplies in 2018.

Legal (51300)

- Binnie requests Legal Service Expenses for the General City be reviewed and the 2018 budgeted amount is much higher. Clapper notes the Municipal Court Legal Services have been reduced significantly in 2017.
- Binnie notes the Municipal Salary for 2017 is projected to come in under yet there is a significant increase in the wages set aside for 2018. Clapper notes the Judge asked for increased help within the department. Clapper will clarify if this means the $\frac{1}{2}$ time position will move to $\frac{3}{4}$ time or if the Judge wanted to add an extra person for a few hours.

Finance (51500)

- The Finance department is looking at an \$11,055 increase. Most of the increase is due to a position change. The City Finance Support Services Manager will become the City Comptroller assuming primary responsibility for accounting.

Insurance/Risk Management (51540)

- Insurance/Risk Management: 2018 quote shows a net decrease of \$31,025 with the same company as 2017. Hatton will review the quote to verify the amount and coverage included.

IT (51450)

- Capital Outlay Expenditures from IT will be rolled into Fund 450 using up the remaining Fund balance. The IT budget overall has decreased by \$6,164.

Media Services (200)

- Main initiative is relating to the website. The City will no longer be pulling \$27,000 for the General Fund from Media Services.
- Equipment has failed significantly this year which has needed to be replaced.
- Franchise fees are reduced every year in what they paying.
- Subscription/Dues has increased from around \$500 to \$5800 due to the annual subscription cost of a new website.
- All franchise fees have all been received this year which is reduced.

Emergency Preparedness (52500)

- Budget has decreased \$2082. Some Capital Outlay Expenditures have been rerouted to Fund 450.

Fund 205 - 27th Payroll

- \$15,000 transfer from the General Fund, which is the same as last year.

Fund 260 - Sick Leave Severance

- \$34,405 is expected to be paid out with 3 retirements in 2018. The City will put away \$30,000 a year for the next 4 years which should be enough to cover upcoming retirements.
- As of June 30, 2011, no new City employees will receive a sick severance package as this benefit has been eliminated.

Fund 271 - Insurance – SIR

- The City retains the first \$25,000 on any City loss exposure for each liability claim.
- The General fund should grow to \$100,000. Once \$100,000 is reached General Fund transfers may be suspended until a liability claim.

Parks & Recreation

Parks Administration (55200)

- The budget for 2018 projects a net increase of \$13,793 for 2018. The Athletic Coordinator position will have a pay grade change of \$5,200. This is based primarily on revenue streams which continue to come in from the work the Athletic Coordinator does for the City. Revenues will be increased for Treyton's Field and there will be an increase in the Special Revenues fund which will be used to cover some of the Athletic Coordinator position.
- Tournaments fees will be increased to help cover the Athletic Coordinator position.
- After school program is currently still paying for itself.

Park Maintenance (53270)

- There is an increase in the budget for park and terrace tree maintenance which relates to the EAB replacement. Terrace trees around the city come out of the Park and Recreation budget.
- Clapper to determine the difference in the Maintenance-Trees/Landscaping versus the Park/Terrace Tree Maintenance budget lines. Nass will be there next meeting to explain.

Recreation Administration (55210)

- Mobile communication budgeted amount to be reviewed as it appears the City is not carrying over enough funds to cover for 2018.

Recreation Programs (55300)

- Hatton needs to review why the Sales Tax Expense is not being carried over for Recreation Programs.

Sr. Citizen's Program (53310)

- Binnie requests Senior Programs Wages/Park-Time/Permanent be reviewed as the YTD number doesn't seem to correlate to the 2018 Budget.

Community Events / Projects (55320,55330)

Facilities (55110, 51600)

Fund 217 – Building Repair

Fund 225 – Skate Park

- The source of the funds remaining in the Skate Park Fund were donations and will be retained until such funds are needed for the Park. Clapper is working with the Rotary Club on assisting with repairing some equipment within the next year which should use up the remaining donations.

Fund 272 – Lakes Improvement

- Clapper would like to move towards a proposal to drawing down the lakes or dredging the lakes in the future. Currently no money has been set aside for this project, but once a plan is developed and quotes start coming in the City will be able to budget more in the future accurately. The City will be looking to do a draw down in 2019 versus 2018 to allow time to apply for grants and seek funding.

Fund 246 Field of Dreams

- Part of the funds will be allocated to fund the Recreation Coordinator salary increase.
- There will be a time when the artificial turf will need to be replaced and once the funds are achieved to complete this project than the additional funds will roll into the General Fund.

Fund 247 Aquatic Center

- The aquatic center will look at taking on more of the facility maintenance to reduce the costs of some of our service contracts.
- Boettcher to review Water Classes 247-43300-55. There is a \$4000 decrease in budgeted amount, but YTD revenue is dramatically lower. Boettcher indicates that classes ramp up in the fall. Projection for total 2017 revenue seems very overstated. Water class enrollment has been lower, but requests the number to be rechecked.
- Aquatic Center Rentals-Boettcher has been unable to locate where the \$20500 budgeted in 2017 is coming from. Boettcher reduced the number to \$2000 for 2018 which appears to be a more realistic number.
- Aquatic Center State Sales Tax- There is nothing budgeted for 2018 but there was \$9000 budgeted in 2017. Binnie wants to make sure this is correct as the City still needs to pay Sales Tax every year.

Fund 248 – Park & Recreation Special Revenue

- Recreation Business Sponsorship budgeted amount for 2018 reviewed as it appears much higher than what was actually brought in for 2017. Boettcher is expecting to bring in more sponsorship this year by reducing the amount needed to sponsor.

Fund 240 - Parkland Acquisition

Fund 245 - Parkland Development

- Capitals initiative for utilizing this fund for a park project last year which if funded by developer fees.

Fund 466 - Multi-Use Trail Extension

- The project never utilized the funds which were set aside to complete a multi-use trail extension. The funds have remained static. The funds will be transferred and the project will be closed.

Police

Administration (52100)

- Total increase of \$60,181 to the budget from 2017. Total operating budget without funds is around 3.3 million.
- Addition of new clerical staff person will attribute to \$17,603 increase in 2018.
- PD Record Clerks took in 1790 requests for records last year, which require additional amount of time redacting and preparing for release. By state law, the City cannot charge for redacting. Training the new clerk will take approximately 6 months.
- Solacom- This is the last leg of the bridge with the County.
- Retirement fund 100-521-153. Binnie requests this be reviewed to determine if accurate. Currently, no money has been set aside to assist with the new Police Chief recruitment when Chief Otterbacher retires next year. Judy Atkinson is going to do most of the recruiting herself to cut costs.

Patrol (52110)

- Longevity pay has decreased dramatically and needs to be reviewed.

Investigation (52120)

Community Service (52140)

Communications / Dispatch (52600)

Fund 216 Vehicle Replacement

- One police squad will be replaced in 2018.

Fund 295 – Police Department – Trust Fund

- There has been changes in the way the funds can be spent. The new document will be updated to reflect where the funds can be used.

6. Review and possible action on resolution regarding selected Financial Advisory Services firm. Motion to recommend retaining Ehlers and Associates to the Common Council by Singer, Second by Binnie,

Aye: All via voice vote (2)

Nay: None

7. Future agenda items.

- Page numbers to be added to reference the original Oct 3, 2017 budget document.
- There will be an additional budget packet the day of the meeting, but will be disseminated earlier if possible.

8. Adjournment

Motion to adjourn by Singer at 8:14 pm, second by Binnie.

Aye: All via voice vote (2)

Nay: None