FINANCE COMMITTEE
Date and Time: Tuesday, August 23, 2022 @ 5:30 pm., Council Chambers
Members Present: Lisa Rasmussen, Sarah Watson, Michael Martens, Carol Lukens, Doug Diny
Others Present: Maryanne Groat, Jeremy Kopp, Ben Bliven, Eric Lindman, Anne Jacobson, Anne Keenan, Katie Rosenberg, Jamie Polley, Solomon King, Dustin Kraege

In accordance with Chapter 19, Wisc. Statutes, notice of this meeting was posted and sent to the Daily Herald in the proper manner. The Finance Committee was called to order by Chairperson Lisa Rasmussen.

Minutes of the previous meeting: (8/10/22)
Motion by Martens, second by Lukens to approve the minutes of the previous meeting. Motion carried 5-0.

Discussion and possible action regarding ARPA funding requests and related budget modification
Lisa Rasmussen stated the lead pipe project discussed at the last meeting ranked high and they intend to also seek additional DNR funding. She indicated the committee would have the option to authorize them to proceed with access to ARPA funding if the other funding does not come through, rather expending it now and paying it back later.

Maryanne Groat stated her biggest concern was since many grants typically do not allow you to supplant other money with grant money, that this is what we would be doing. She recommended they instead authorize going ahead with the lead pipe program and if the DNR grant is not received, then we find other funding sources, which could be the ARPA money or city money. Rasmussen stated they could also not pay back the ARPA funds and if the DNR grant is received just do more lead replacement.

Eric Lindman stated he would be willing to hold the ARPA funding aside with the idea that they will also apply for the 2023 DNR funds soon. He anticipated he should have an answer from the DNR in November or December. He indicated there were a few projects on hold currently waiting for authorization before making more expenditures. He stated if the committee was comfortable providing us the authority to move ahead they would carry the costs until the DNR funds come out.

Motion by Watson, second by Diny to authorize the Public Works Director and the Water Department to go forward and continue to provide for lead service line replacements on the residential side with the understanding that if access to ARPA funding is necessary, they will come back for approval. Motion carried 5-0.

Rasmussen stated there is a new request from the Police Department to rank and score for the next meeting. She commented there is demand and interest in the community for a year-round night-time shelter option that is not winter only. She indicated the Mayor and Police Chief have been in touch with our partners at Catholic Charities who run the winter program to investigate the options for a 12-month center. The request is to seed it with ARPA funding to get it up and running for two years 2023 – 2024. She noted the Homelessness Task Force has also had discussion with United Way and the Mayor with the County.

Chief Ben Bliven confirmed this would be dollars that would allow Catholic Charities to expand their operations to 365 days per year. Currently they operate November 1st through April 30th during the colder weather months. He felt this is a need for the community.

Roberto Partarrieu, Executive Director Catholic Charities, Lacrosse, reviewed his report and the operating budget numbers provided in the online committee packet at the link below:
https://www.ci.wausau.wi.us/Portals/0/Departments/Council/Archives/Standing%20Committees/Finance%20Committee/2022/FINC_20220823_Packet.pdf

Mayor Katie Rosenberg indicated she talked to the Deputy County Administrator about what the city is considering, inviting them to participate. She stated she has meetings lined up to talk to the United Way and with the County Administrator to discuss partnership with the county.

Sarah Watson questioned what the bottom-line total cost for a year-round day and night shelter. Partarrieu stated the total cost is $638,000 and the deficit they have for that is $388,000 annually.

Mayor Rosenberg stated she would like to collect data as we are doing this to understand who we are helping. She commented she learned an interesting statistic that unhoused individuals cost the city/county system $70,000 - $200,000 per year.

Watson requested a completed ARPA application that shows what the ask is and what the timeframe is for the spend down. Rasmussen stated after the information is emailed to the committee, they can use it to rank both proposals of either a night-time only shelter or a day and night shelter.

Discussion and possible action approving recruitment plan for Transit Director.

Lisa Rasmussen stated Transit Director Greg Seubert has submitted his retirement notice and Human Resources is recommending using an outside recruitment source to locate someone to fill the position. She commented he has been with the city about 40 years and has a lot of institutional knowledge, so we are going to need someone that is not only a visionary but also highly knowledgeable and experienced.

Kathi Zoern, Transit Commission member, commented she felt it was critical to advertise nationally to fill this position and it should not wait until after hiring an HR Director. She hoped they were able to hire someone before Greg Seubert leaves to transfer some of is expertise.

Sarah Watson questioned where funds would come from. Maryanne Groat indicated she expected it to come out of the Transit Budget from the vacancy.

Motion by Watson, second by Lukens to approve the recruitment plan and budget modification. Motion carried 5-0.

Discussion and possible action granting $1000 one-time lump non-base building market adjustment for designated employees.

Rasmussen stated this item was in this committee last year and was referred back to the HR Committee to be re-worked. Somewhere along the line there was a lot of misunderstanding about this adjustment with talk about hazard pay and bonuses, as well as pitting union against non-reps. She referred to the PowerPoint in the committee packet that shows what it takes for non-reps to get to pay maximus versus the negotiating groups, and it is an awful lot longer on the non-rep side.

Anne Keenan clarified it would affect every non-represented employee who is above mid-point. She stated last year the employees below mid-point were approved for a 3% increase every six months, but the $1,000 adjustment was sent back to HR and those above mid-point did not receive any adjustments. She commented it is harder to keep dedicated employees who have been here longer, and this was a way to help with that until we can do another market study on the pay scale. She noted the union employees in their contracts keep up with the market and Fire & Police got a 2% increase in January and another 1% mid-year and their scale is a lot shorter than the non-reps.

Maryanne Groat stated when this was initially proposed in December 2021 ARPA was the recommended funding source, but there was subsequent discussion of not using ARPA, but rather taking it out of the 2021 surplus. She stated we have not identified any new funding sources so it would be coming from the surplus.

Michael Martens reiterated that with new employees we eliminated the first two steps to give a higher starting wage and also escalated the amount of time to traverse the steps for those below mid-point. The employees below mid-point received a pretty good bump or the last 8 or 9 months. Giving this adjustment to those above mid-point is the second half of the equation.

Groat clarified typically it would come from the General Fund unless there is another revenue source. For example, Community Development Authority employees that qualify for the adjustment would be paid by the CDA; and/or Water or Sewer employees would be paid from the utility.

Motion by Lukens, second by Watson to approve the one-time adjustment with surplus funding. Motion carried 5-0.

Discussion and possible action approving 2023 a cost-of-living adjustment for non-represented employees.

Rasmussen stated the city is currently in contract negotiations with the represented groups and this is a 3% cost-of-living increase for non-represented employees that do not bargain.

Motion by Martens, second by Lukens to approve the 2023 cost-of-living adjustment. Motion carried 5-0.

Discussion and possible action approving leasing 2 skid steers for winter operations.

Dustin Kraege, Fleet Manager, explained for the last three years we have rented skid steers, but just learned this summer that the program used to accomplish this is no longer available, so now are in a time crunch. He indicated he reached out to five different vendors because there wasn't time to put out an RFP. Two of them stated they could not get them at all and two said maybe they could but wouldn't know until fall; and only one vendor can actually guarantee. He requested authorization to rent these units, so we are guaranteed to have them for winter to clear our sidewalks.

Lisa Rasmussen stated it appeared he had made a reasonable effort to secure alternative pricing and felt he could move forward with the rentals with the appropriate sole source documentation.

Sarah Watson questioned if it would be more affordable to purchase them. Kraege stated they started doing rental years ago because they had some utility tractors that broke down all the time and it was extremely hard to get parts. The decision at the time was made to move away from that with the leasing program that saved money and didn't require us to do the maintenance. But he felt if this was going to be the price going forward, he would look at other options for the future.

Motion by Watson, second by Martens to authorize DPW to move forward with the sole source leasing of 2 skid steers, with the contingency to complete the sole source paperwork. Motion carried 5-0.

Discussion and possible action regarding budget modification related to fuel budget and rolling stock replacement

Solomon King, DPW Motor Pool, explained due to fuel costs being massively out of control for a period of time the Motor Pool fuel budget is nearly depleted. He indicated some of our budget for gasoline is already overspent, diesel is close to being overspent, motor oil and grease is near done, and DEF is overspent as well. The funds requested are necessary to continue operations for all departments, noting that police, fire, sewer, water, airport, public works, and parks all fuel up at DPW.

Rasmussen indicated the three options were to consider: 1) implement a rate adjustment from department budgets; 2) transfer from the General Fund; or 3) utilize ARPA funds. She felt it was too late in the budget year to adjust the rates to the departmental budgets. Sarah Watson suggested transferring the money from the General Fund rather than using ARPA funds.

Motion by Watson, second by Lukens to approve allocation of additional funding from General Fund surplus for fuel. Motion carried 5-0.

Discussion and possible action regarding budget modification fencing project

Rasmussen stated this budget modification is a transfer request is for the Scott Street Bridge Fencing project shortfall and for Stewart Avenue 72nd to 28th Avenue real estate services shortfall.

Maryanne Groat pointed out the agenda item only states the fencing project and did not include the real estate services portion referred to in the resolution, so they should only approve the fencing transfer today and the real estate services will be brought to the next meeting.

Motion by Diny, second by Martens to approve the budget modification of $18,034 for the Scott Street Bridge Fencing Project. Motion carried 5-0.

Discussion and possible action regarding budget modification legal services

Rasmussen stated this request from the City Attorney's Office due to robust litigation activity this year. A 2022 Mid-Year Litigation Report was in the committee packet.

Anne Jacobson commented it has been an unprecedented year and there are 10 matters currently pending. She estimated a need for approximately $40,000 to get through the end of the year, assuming there are no major surprises.

Maryanne Groat stated a lot of these cases are related to our insurance and there is an Insurance Fund which covers building, worker's comp, and liability. She indicated there was a profit of just under $300,000 in 2021 due to lower-than-expected claims and we have strong reserves in that fund, as well as allocation set aside for longer term worker's comp claims. She recommended taking the funds from that account to fund this shortfall.

Motion by Lukens, second by Watson to allocate $40,000 from the Insurance Fund to the City Attorney's budget for legal fees. Motion carried 5-0.

Discussion and possible action regarding Debt Issuance Schedule
Maryanne Groat explained when we adopt the budget part of our Capital Plan expects that we are going to issue debt. She stated generally it is related to street and other infrastructure projects, and she has identified $4.8 million as the debt issue for 2022. *The projects are listed in the memo in the packet.* This type of expense is General Obligation Promissory Note, and we retire the debt over 10 years with a flat repayment. It will not impact the tax rate and would actually result in a lower outstanding general obligation debt at the end of the year because we will be retiring the $4.6 million of principal this year.

Groat stated she would like the committee to discuss whether they want to borrow $1.1 million for the Fleet Facility. She recommended they delay it because at this point there are not any firm plans in place and there are spend down requirements of two years to spend the debt. Thresholds must also be met during that two-year period and this could complicate our ability to meet the spend down threshold. She pointed out the year is almost over, but it is still in the budget that we would borrow for it and it is still a placeholder but it would get added on to the 2024 issue. This would bring the 2022 borrowing down to $3.7 million. She indicated given the city's equalized value, we would go down to 37.92% of allowable versus 46.88% in 2021, so we are seeing a decline in our overall outstanding general obligation debt and more capacity building.

Groat stated she would bring the issuance calendar back to the September 13th meeting for the committee to approve going forward. It would go to the Common Council on September 27th and close on November 16th. She stated last year it was called parameters debt and our Financial Adviser is recommending we do that again. The city sets the parameters for the sale.

Presentation 2021 Financial Results
Deferred to next meeting due to time constraints.

Discussion and possible action regarding General Fund Financial Reports March - April 2022
Deferred to next meeting due to time constraints.

Adjourn
Motion by Watson, second by Lukens to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 6:45 pm.