

City of Sheboygan
2018-09-10

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CITY OF SHEBOYGAN

FINANCE AND PERSONNEL COMMITTEE

SEPTEMBER 10, 2018

AMENDED

Chair Rindfleisch called the meeting to order at 4: 00 p.m. The Pledge of Allegiance followed.

COMMITTEE MEMBERS PRESENT: Chair Ron Rindfleisch, Vice Chair Jim Bohren, Alderpersons Trey Mitchell and Todd Wolf

COMMITTEE MEMBERS EXCUSED:

Alderperson

Mary Lynne Donohue

STAFF / OFFICIALS PRESENT:

Mayor Mike Vandersteen, City Clerk Meredith DeBruin, Municipal Court Judge Natasha Torry, City Administrator Darrell Hofland, Police Chief Chris Domagalski, Fire Chief Mike Romas, Finance Director Marty Halverson, Director of Public Works David Biebel, Director of Planning and Development Chad Pelishek, IT Director Greg Vertelka, Director of Human Resources and Labor Relations Sandy Rohrick, Senior Activity Center Director Wendy Schmitz, Assistant City Attorney Thomas Cameron, Police Lieutenant Bill Adams, Benefits Administrator / Analyst

Jenny Lawrence, Mead Public Library Business Manager Debbie DeAmico, WSCS

Program Director

Scott Mealiff, Budget Analyst Carrie Arenz, Legal

Assistant Kathy Hoffman, Legal

Assistant Marie Stefancin, Human Resource Assistant

Vicki Leonhardt, Electrician Al Fleisner and Maintenance Worker III David Smith

PUBLIC PRESENT: Tom Jocz - Diversified Insurance, Jennifer Lehrke - Armory Community Project, Gary Tauferner - Citizen

MINUTES

Motion by Alderperson

Wolf, seconded by Alderperson

Mitchell to approve the minutes of August 27, 2018. Motion carried.

ITEMS FOR DISCUSSION & POSSIBLE ACTION

3.1 COM. NO. 1 - 18 - 19 / AUGUST 6, 2018 / DOC

3.1: Communication from Gary Tauferner regarding an upgrade to cable channel 990.

Alderperson

Bohren

recapped the history of the

request for \$80,000 funding to purchase an I-Net cable interface to improve the quality of picture and sound on cable channel 990. Concerns over reducing access to public information via the cable channel for those constituents using

the service was discussed. This item was requested in the 2019 - 2023 Capital Improvements Program but was not approved by the Capital Improvements Commission, City Plan Commission or the Common Council. The

project will provide some picture and sound improvement. However, because

Spectrum does not broadcast public education and government (PEG) channels in high definition there will be some reduction of picture and sound quality. Franchise fees received from Spectrum for right-of-way access have been reduced

as Spectrum's number of subscribers decrease. Spectrum is currently lobbying to discontinue paying the franchise fee for use of right-of-way access. City Administrator Darrell Hofland

confirmed this agenda item

overlaps slightly with item

3.

9. The committee thanked Mr. Tauferner

for bringing the issue forward.

Motion by Alderperson

Wolf, seconded by Alderperson

Mitchell to recommend the Common Council file the document. Motion carried.

3.2 RO 109 - 18 - 19 / SEPTEMBER 04, 2018 / DOC

3.2: Communication from Rohde Dales asking for the City to consider extending the financial deadlines of the Armory Community Project.

Director of Planning and Development Chad Pelishek

confirmed August 23, 2018, as the deadline for the initial \$1.5 million in funding necessary to the project to proceed. Ms. Jennifer Lehrke spoke on behalf of the Armory Community Project confirming their group is waiting for responses from several foundations with planned meetings during September and

October. Ms. Lehrke

indicated that of the 26 major gifts requests, her group is still waiting for 14 responses. Ms. Lehrke

confirmed receipt of \$650,000 in pledged donations to date. The group is

waiting for a response from a large donor to determine if the project is able to proceed. A 60 day extension for the first due date of August 23 for \$1.5 million payment would extend the due date to October

23. The original agreement indicates the second payment of \$900,000 is due on October

23. The requested extension would make both the first and second level of funding committment due on the same date. Ms. Lehrke

indicated that if the Armory Community Project does not receive confirmation from one of the major gifts donors, the project may not move forward.
Aldersperson

Wolf asked if a 30 day extension would be possible. Aldersperson

Bohren

inquired if the multi-family developer was still interested in the property.
Director Pelishek

mentioned this developer is, but currently considering another development project in Sheboygan. Aldersperson

Bohren

indicated his choice is to opt for a 30 day extension. Chair Rindfleisch identified his support for the request to grant the 60 day extension.

Motion by Aldersperson

Bohren, seconded by Aldersperson

Mitchell to recommend the Common Council accept and file the communication as requested and instruct the Office of the City Attorney to prepare an amendment to the original agreement. Motion carried 3 - 1 (Aldersperson Bohren - nay).

3.3 RES 89 - 18 - 19 / SEPTEMBER 04, 2018 / DOC

4.3: Resolution to authorize a transfer of appropriations in the 2018 Budget for the purpose of establishing estimated revenue and appropriation for the 2018 Community Development Block Grant Entitlement Program.

Finance Director Halverson

presented the outline of the previously approved Community Development Block Grant entitlement program submission.

Motion by Aldersperson

Bohren, seconded by Aldersperson

Wolf to recommend the Common Council approve the document. Motion carried.

3.4 RES 90 - 18 - 19 / SEPTEMBER 04, 2018 / DOC

4.4: Resolution adopting certain changes to the City's medical and dental benefit plans effective for calendar year 2019 coverage and establishing the monthly premium equivalent rates effective for January 2019 coverage.

Director of Human Resources and Labor Relations Sandy Rohrick reported the projected status of the Health Insurance Fund. 2019 anticipated revenues total \$6.9 million while expenditures are \$7.5 million, creating a shortfall of \$600,000. Changes to the health insurance plan are required to maintain the minimum fund balance of \$3 million. In 2018 the reserve fund is approximately \$4 million. The proposed changes include increases in employee premiums and co-insurance and a decrease in city-funded HSA contributions. Director Rohrick indicated that prior to the change to the consumerism-modeled health insurance plan the fund's reserves were \$7.2 million. During this time \$1.4 million was contributed by the city to employee HSA accounts. Tom Jocz of Diversified Benefits confirmed it is typical for employers to fund HSA accounts for a one year transition period. Alderperson Wolf discussed historical changes from the 2016 shift from a traditional insurance plan to a high-deductible insurance plan. Police Lieutenant Bill Adams requested an historical details on the decrease in revenues resulting from these changes. Director Rohrick provided information regarding the revenue shift from former traditional insurance plan as it relates to the status of current fund revenues. Administrator Hofland confirmed that 92 percent of the charges for the Health Insurance Fund are charged to

the General Fund. If the premiums are increased, this increase reduces the city's ability to fund other expenses and projects within the General Fund due to the State of Wisconsin Expenditure Restraint Program. Administrator Hofland explained that keeping lower premiums improves the city's ability to fund other projects and personnel within the city.

Motion by Alderperson Bohren, seconded by Alderperson Wolf to recommend the Common Council approve the document. Motion carried.

3.5 RES 91 - 18 - 19 / SEPTEMBER 04, 2018 / DOC

4.5: Resolution to authorize a transfer of appropriations in the 2018 Budget for the purpose of establishing appropriation for a contribution from the Georgia Pacific Foundation for two fire suppression tools and a gas meter.

Alderperson Wolf expressed gratitude to Georgia Pacific for providing the contribution of fire fighting equipment.

Motion by Alderperson Wolf, seconded by Alderperson Bohren to recommend the Common Council approve the document. Motion carried.

3.6 DIRECT REFERRAL: RO 114 - 18 - 19 / SEPTEMBER 10, 2018: City Administrator submitting the City of Sheboygan 2018 Long Term Financial Plan.

Administrator Hofland presented the update to the Long Term Financial Plan presented in February 2017. This information was incorporated into the 2019 Executive Budget utilizing the stated assumptions relative to utility rates, tax levy increases and the use of fund balance. This document provides information on revenue trends and revenue assumptions as well.

Motion by Alderperson Wolf, seconded by Alderperson Mitchell to recommend the Common Council approve the document. Motion carried.

3.7 RES 94 - 18 - 19 / SEPTEMBER 04, 2018 / DOC

4.8: Resolution establishing the 2019 Budget appropriations and the 2018 Tax Levy for use during the calendar year.

Administrator Hofland recapped the 2019 Executive Budget Power Point presented at the September 4, 2018 Common Council meeting. Departmental Budgets

are scheduled for review this week by this and two additional committees. It was noted that any additional staff outlined in the 2019 Executive Budget is neutral to the total number of employees resulting from decreases in staff within the Mead Public Library, Office of the City Clerk and Cable TV department.

3.8 2019 BUDGET - Information Technology Department

Director Vertelka presented the 2019 IT Department Executive Budget highlighting the increases and decreases within the budget. A
1.0

FTE Network Administrator will be added to the department effective July 1, 2019. Alderperson Wolf inquired on the delay in the Microsoft upgrade. The relocation efforts during the City Hall renovation leave the IT staff little time to complete the upgrade which will be

scheduled for a later date. The new City Hall data center and complete enterprise backup system are key focal items for 2019. Director Vertelka indicated that departmental IT service charges have not increased for a number of years. Administrator Hofland confirmed that a revision of IT service expense charges will be completed in the future considering a methodical approach for increases to the General Fund.

Motion by Alderperson Wolf, seconded by Aldersperson Bohren to recommend the Common Council approve Res. No. 94 - 18 - 19 regarding the Information Technology 2019 Executive Budget as presented. Motion carried.

3.9 2019 BUDGET - WSCS Cable TV

Director Vertelka presented the 2019 Cable TV Fund Executive Budget noting increases and decreases within the budget. Personal Services costs were reduced by \$14,000 from the reduction in temporary salaries for production staff. Effective July 2019, WSCS

discontinue

the live taping of Sheboygan Area School District events due to financial constraints. This timeline was recommended to coincide with the start of SASD's new fiscal year. Notification was provided to SASD in June, 2018. Director Vertelka indicated that SASD

will have the ability

to bring their taped events to WSCS to add to programming listings. This change prompted a reduction of 0.25 FTE for the Production Technician staff. The franchise fee revenue was discussed. The Cable TV franchise fee is the lease payment received from the cable provider for utilization of the right-of-way to provide cable services to city residents. Director Vertelka confirmed that closed captioning is now required as part of ADA compliance. The expense for the closed captioning technology is \$20,000. Funding for the audio-visual equipment for the new Common Council chambers is contained within this budget as well. Results of 2018 Community Survey regarding the usage of Cable TV were discussed. Of the 23 communication options, Cable TV ranked fourth from the bottom. Mr. Gary Tauferner mentioned that Sheboygan Press subscriptions are unaffordable for many senior citizens, but utilizing cable service allows those same residents to obtain city information with no additional expense. Alderpersons Bohren, Mitchell and Rindfleisch expressed their collective agreement regarding the value in adding the I-Net cable upgrade for \$80,000 to the 2019 Cable TV Executive Budget.

Motion by Alderperson Bohren, seconded by Alderperson Mitchell to recommend the Common Council approve the addition of \$80,000 I-Net Cable upgrade to the Cable TV 2019 Executive Budget. Motion carried. Motion by Alderperson Bohren, seconded by Alderperson Mitchell to recommend the Common Council approve Res. No. 94 - 18 - 19 regarding the Cable TV 2019 Executive Budget with caveat. Motion carried.

3.10 2019 BUDGET - Department of Planning and Development

Director Pelishek presented the 2019 Department of Planning and Development Executive Budget. In 2017, Director Pelishek confirmed the uncertainty of the federal Community Development Block Grant funding. In 2018 the funds were received, and included in the 2019 budget. Director Pelishek advised there are no other significant changes to note regarding this budget.

Motion by Alderperson Wolf, seconded by Alderperson Bohren to recommend the Common Council approve Res. No. 94 - 18 - 19 regarding the Department of Planning and Development 2019 Executive Budget. Motion carried.

3.11 2019 BUDGETS - Common Council, Office of the City Clerk and Elections

City Clerk Meredith DeBruin presented the 2019 Common Council, Office of the City Clerk and Elections Executive Budgets. There are no notable changes of note within the Common Council budget. The Clerk's budget includes the elimination of 0.50 FTE Elections Specialist position. These duties will be absorbed by temporary poll workers as needed. The Elections budget will experience substantial reductions, \$38,424 in Personal Services and \$12,600 in Non-Personal Services resulting from a reduced number of elections next year.

Motion by Alderperson Wolf, seconded by Alderperson Bohren to recommend the Common Council approve Res. No. 94 - 18 - 19 regarding the Common Council, Office of the City Clerk and the Elections 2019 Executive Budgets. Motion carried.

3.12 2019 BUDGET - Municipal Court

Municipal Court Judge Natasha Torry presented the 2019 Municipal Court Fund Executive Budget. The budget includes a reduction in revenues of \$150,000 to more closely reflect the 2018 estimation. The Municipal Court is experiencing an increase in citations. The Municipal Court is using three main tools to collect unpaid fines and forfeitures; state debt collection, docketing judgements and writs. Utilization of the state debt collection program through the Wisconsin Department of Revenue begins when citations are unable to be collected via standard procedures. The state debt collection system deducts a 15 percent fee initially on all collections. Judge Torry

is now

docketing judgments on Sheboygan County property owners for fines over \$1,000. If the property sells, the city receives payment for that judgment. She has introduced the writ process as another means to enhance collections. Writs may be served county-wide. When a payment plan is arranged, Judge Torry considers the income level and time period in relation to the amount of the fine. A reduction of \$103,155 in Interfund Transfer to the General Fund is anticipated to more closely reflect the 2018 estimated revenue. Alderperson Bohren discussed previous history on the usage of Sheboygan County Circuit Court. Judge Torry advised that the Circuit Court schedule is quite full and unable to

accommodate many of the city's

cases. The Municipal Court not only provides savings to the city in reference to collections and reduced police overtime expenses but also adds value by providing justice to the citizens.

Motion by Alderperson Wolf, seconded by Alderperson Mitchell to recommend the Common Council approve Res. No. 94 - 18 - 19 regarding the Municipal Court 2019 Executive Budget. Motion carried.

3.13 2019 BUDGET - Office of the Mayor

Mayor Vandersteen presented the 2019 Office of the Mayor Executive Budget. There are relatively no changes in this budget. The Mayor's staff is focusing on improved communication and transparency.

Motion by Alderperson Wolf, seconded by Alderperson Bohren to recommend the Common Council approve Res. No. 94 - 18 - 19 regarding the Office of the Mayor 2019 Executive Budget. Motion carried.

3.14 2019 BUDGET AND BENCHMARKS - Human Resources Department

Director Rohrick presented the 2018 Second Quarter Benchmark review confirming the medical insurance loss ratio of 109.25 percent, dental insurance loss ratio of 105.04 percent, wellness program information and stop-loss insurance detail. The employee turnover was reviewed as the year-to-date trend is 50 percent higher than the previous two years. Director Rohrick finds the employee retention numbers concerning in light of the

competitive labor market in our area. Director Rohrick presented the 2019 Human Resources Executive Budget. An increase of \$47,000 will occur resulting from the addition of

0.60 FTE Human Resource Generalist. This position may be tentatively split between Human Resources and the Finance Departments to enhance collaboration between the departments. The 2019 Health Insurance Fund Executive Budget contains the changes referenced in Item

3.

4. The 2019 Workers Compensation Fund Executive Budget has no notable changes. Lieutenant Adams inquired on the status of the Interest on Investments within the fund. Mead Public Library Business Manager Debbie DeAmico noted that options available for municipal investment are heavily regulated and somewhat limited. Maintenance Worker III David Smith provided comments related to the employee turnover relative to wages and benefits. Maintenance Worker

Smith indicated that he and his colleagues work many additional hours and asked the committee to consider ways to retain staff. Director Rohrick confirmed that the city's employee wages and benefits align closely with other area employers. Alderperson Rindfleisch indicated the state's cost control limitations hurt municipalities within the state and expressed concerns about future recruiting efforts.

Motion by Alderperson Wolf, seconded by Alderperson Bohren to recommend the Common Council approve Res. No. 94 - 18 - 19 regarding the Human Resources 2019 Executive Budget. Motion carried.

3.15 2019 BUDGET - Office of the City Administrator

Administrator Hofland presented the 2019 Office of the City Administrator Executive Budget. Notable changes within the budget include additional funds for advanced

staff training, as well as

the addition of ClearGov, an electronic citizen transparency portal. ClearGov will provide access to the city's financial history and current budget directly from the city's website providing citizens with information and comparative benchmarking.

Motion by Alderperson Wolf, seconded by Alderperson Mitchell to recommend the Common Council approve Res. No. 94 - 18 - 19 regarding the Office of the City Administrator 2019 Executive Budget. Motion carried.

3.16 2019 BUDGET - Finance Department

Director Halverson presented 2019 Finance Department Executive Budget along with the additional budgets the Finance Department oversees. The Finance Department is adding 0.40 FTE Accounting Assistant. This position may be tentatively split between the Finance Department and the Human Resources Department, allowing cross coverage within and between departments. The addition of this position may be expedited due to the workload within the department. The department is currently reviewing ways to enhance efficiencies and support the Human Resources Department. Director Halverson noted details of the contingency fund, currently budgeted at \$150,000. Once the final expenditure restraint numbers are received, this account will be adjusted to reflect the maximum allowable amount. Special Revenue account highlights feature \$20,000 from the Tourism fund to host a national conference for Great Lakes and St. Lawrence Seaway municipalities. Administrator Hofland

advised the status of the Harbor Centre Marina Fund. The fund has an

-\$4 million balance. Moody's Investors Service recommends reducing this negative fund balance. In 2019 an Interfund

Transfer will be generated from the Convention Center Fund to the Harbor Centre Marina fund. The Debt Service funds will level

out after the refinancing of of the City Hall note. Capital Improvement Funds show an increase in revenue due to the additional federal grant funds for the Pennsylvania Avenue Bridge construction. The assessed tax rate will increase \$0.

19.

Motion by Alderperson

Wolf, seconded by Alderperson

Mitchell to recommend the Common Council approve Res. No. 94 - 18 - 19 regarding the Finance Department 2019 Executive Budget. Motion carried.

DATE OF NEXT REGULAR MEETING

September 24, 2018

ADJOURN

Motion by Alderperson

Wolf, seconded by Alderperson

Mitchell to adjourn at 6: 37 p.m. Motion carried.