

**FINANCE COMMITTEE
NOVEMBER 14, 2011 AT 5:30 P.M.
LINCOLN CENTER – 1519 WATER STREET**

PRESENT: Alderpersons Moore, Molski, Stroik, Brooks and Suomi

ALSO

PRESENT: C/T Schlice; Mayor Halverson; Clerk Moe; Ald. Trzebiatowski; Slowinski, O'Meara, M. Stroik, Beveridge; Directors Halverson, Schrader, J. Lemke, Ostrowski, McGinty; Assessor Siebers; Human Resource Manager Jakusz; Fire Chief Kujawa; Asst Chiefs Kudronowicz, Skibba; Forester Ernster; Deputy C/T Freeberg; City Employees: Kelley Pazdernik; Ben Uitenbroek, Pam Kruzicki, Sharon Patoka, Tony Babl; Matthew Brown; Brian Kowalski; Brandi Makuski; Ray Nenpert; Bill Hanna; Peter Danielson; Mary Ann Laszewski; Lori Dehlinger; Jeff Peterson; Marcus Decker; Barb Jacob; Tyler Mertes; Mike Morrissey; David Schleihs; George & Sonya Kump; Brian Wiza; Sandra Butz Siebers; Nick Hylla; Josh Stolzenburg; Barb Brewster; Kate Norby; Soren Luther; Mike Zach; Cathryn Eckberg; Kristyne Havitz; Carly Smith; Mindy McCord; Karl Schwingel; Katja Marquart; Layne Cozzolino; Jack Negaard; Rob Peck; Jacob Zurawski; Reid Rocheleau

ITEM #1 – PERSONS WISHING TO ADDRESS THE FINANCE COMMITTEE ON ANY FINANCE COMMITTEE AGENDA ITEM FOR UP TO 3 MINUTES.

Reid Rocheleau, 408 Cedar Street, would like to see the crossing guards funded by the City, stated it is not responsibility of the school. He stated he would like to see the cuts come from the Parks Department and would like to see the paperless packets be cut also.

Barb Jacobs, 1616 Depot Street, agreed with Mr. Rocheleau with regards to crossing guards. She would like to see it funded through the end of next year since we do not have answers as of now as to how it is going to be handled for the next school year. She also questioned where the money is coming from that we can hire people, stating that there was no money in the budget. She does not want to see taxes raised as people do not have any money and the foreclosure rate is going up.

ITEM #2 – REVIEW OF 2012 BUDGET WITH RECOMMENDATION TO THE COMMON COUNCIL FOR THE 2012 LEVY.

C/T Schlice stated the workers compensation will not get hit in 2012, so that will not be an issue this year. The final TIF numbers will be determined based on what the City does with the levy but should be close because all the other numbers are in. The only variance that could affect the tax rate is when the final values, which should be here by the end of the week. He stated he will give a list of any changes to

the budget prior to next Mondays meeting. He recommends any changes that are done be moved back and forth from fund balance. As far as a solution, he has recommended version, 2.5, which would reduce the fund balance application by \$150,000, which means we would be using \$850,000 toward next year. His list included increasing the Fire and Police overtime budget for \$10,000 each, it would bring back \$50,000 to Parks Department, it would include paperless packet in the amount of \$6,600, it would fill the officer vacancy in the Police Department upon the retirement of an officer and also fund the Lean Sigma 6 Project for \$15,000. If all of that is approved the levy would be at \$14,155,555, which would make the tax rate \$9.85.

Ald. R. Stroik, stated he would rather see the paperless packets done as a trial type basis, buy 2 or 3 and see how they work. Certain things are easier to have the paper to look through rather than trying to find it in a computer document. He questioned what the funding would be to get the crossing guards through the end of the calendar year as he would like to see them funded through the end of the calendar year, just in case something falls through and they end up not funded through the School District.

Mayor Halverson stated that the annual cost for the crossing guards that Chief Ruder gave him was about \$38,000, which would be an additional \$18,000, as \$20,000 is currently in the budget. He also stated that an option could be that we eliminate some of the current intersections that have crossing guards or that we could take the \$6,600 from the paperless packets and transfer it to the crossing guards.

C/T Schlice offered another option is to let the negotiations continue and fund it from contingency if no resolution is made.

Ald. Brooks questioned why we went from \$42,000 down to \$38,000, what made that difference.

Asst. Chief Skibba stated a private company would run it and we would pay an hourly rate, rather than the "per crossing" rate we are paying now. It would cover all the same crossings that we have now.

Ald. Brooks questioned why we don't take it from fund balance.

Mayor Halverson stated that contingency is a current line item in the budget, it would not come from the fund balance in mid-year. He stated that if we acted today and added \$20,000 back, we would reduce the reduction of the \$150,000 fund balance application.

Ald. Molski stated she does not support the \$6,600 for the paperless packets in this tight of a budget year. She likes the paper because it is easy to go back and forth. She also would like to see crossing guards funded for the whole year.

Ald. Suomi asked what the solution was for parochial/private schools, is that part of the \$42,000 or have them come up with a plan.

Mayor Halverson stated the plan is that they would be funding for what they felt was an appropriate amount for 2012. He believes it was a few thousand, \$2,500 - \$3,500. If we decide to fully fund them, it would be paid for fully by us.

Ald. Suomi also would like to see the paperless packets on a trial basis. She does not support the increase in overtime for Police and Fire since there is a problem already. Does not think giving them more overtime will correct the problem. She also asked for more clarification on what the Lean 6 Sigma project is and what the projected outcome is expected to be.

Mayor Halverson replied the \$15,000 will get us one true project. We are currently working on the payroll process and what Lean 6 Sigma does is completely and methodically tracks every single step in payroll that every single person involved with payroll does. It lays out a diagram or process, figures out additional steps that are being done that may not be needed. It is a process that forces everyone to understand all of the steps that go into something. Sigma 6 is pure perfection and Lean refers to absolutely as few steps as needed that will produce the most precise effect without error. These people analyze whatever procedures we want analyzed and then they lay out suggestions as far as narrowing up the step process but also still have the accuracy. It has been very rewarding just watching the payroll process, its remarkable to see the differences in departments. This is not an endeavor to save money, but rather to save hours. The hours that we reap from this productivity movement will allow the existing staff that we have to do other things that are not getting done today. He stated that a lot of areas need improvement and the next process he would like to see would be invoice processing.

Ald. R. Stroik stated the biggest part is process mapping, where a map is created on what the current process is and find a solution. The team is made up of several people from all departments that work together to create a future state. It identifies weaknesses which will be worked through to be able to do it effectively and efficiently the first time. He offered to show Powerpoint presentations on how it works. Long term it will help us maintain services due to the hours found that can be designed to do something else.

Ald. Suomi questioned if it could cost more to fix.

Mayor Halverson stated it is very possible. We could revamp our entire financial software package for something that may be able to include building assessments, building inspection notices, code enforcement issues, building permits that may update assessing software, it may take care of accounts payable, accounts receivable and cash management. It could possibly cost us \$150,000 but the investment would be worth it because it would be saving a lot of hours that it could pay for itself

within 12 months. He stated that the \$15,000 that he is asking for is on the low end of what we could be asking for as we could hire a full-time CQI individual that could be here, be black belt certified, and have them do these projects on a day to day basis. The full-time position would be well in excess of \$100,000 total compensation. He stated it is worth it as it pays for itself 10 fold but he doesn't feel we are ready to take that jump.

Ald. Brooks stated he would like to see what the payback on it is before authorizing spending more money on it. He understands hours versus pay, but hours are money and he would like to know how soon before we see a payback.

Mayor Halverson stated there is no way he would be able to say.

Ald. Moore agrees and would like to see the results from the current process before \$15,000 is spent on an unknown. He has looked on-line and read about it and it seems to be something that is done in the corporate world and not in the government world and with the different rules that we have to go by, he is not convinced that it is a good fit.

Ald. R. Stroik stated he believes that the government world needs it more than the private sector. Lean 6 Sigma does not promote spending more money. The return on investment should be used before anything should be purchased. Lean, in itself, is eliminating waste and he has saved millions of dollars without spending a nickel on capital expenditures. It is just changing the way labor is spent to get the same amount of work done. This was done on a \$20 million company.

Mayor Halverson stated as we move forward with this, we would be using this money on an ala carte basis, if needed, or possibility bulk it all into one project. We would bring in trainers to bring our Directors up to green belt status, so we could embark on our own process mapping and start to do smaller projects that we can implement. He stated that Ald. Stroik is correct, that this is more rampant in the Government sector than imagined.

Motion made by Ald. Stroik, seconded by Ald. Molski, to set the levy at \$14,155,555 per option 2.5, remove \$6,600 in paperless packets and move that money to the crossing guards budget while we continue to look for long term solution.

Ald. Brooks stated he is not comfortable with Lean 6 Sigma project. He suggested applying that money to crossing guards and if something else comes through for the crossing guards, then we can use that money for Lean 6 Sigma.

Ald. Molski questioned when we will see the results for the payroll process.

Mayor Halverson guessed we would be able to demonstrate the payroll solutions by the end of January to the beginning of February.

Director Ostrowski replied that they do 10-15 inspections on new homes, regardless of the square footage. He stated they may spend a little bit more time in a larger home, but not enough to justify a larger fee.

Motion made by Ald. Stroik, seconded by Ald. Suomi, to approve fee structure based on the Inspection Departments analysis.

Ald. Brooks questioned if we see the money for inspection violations and fees come back to us or are they stacked up on properties that do not pay their taxes.

Director Ostrowski replied that the County pays us for everything that is not paid, so we do eventually see it.

Ald. Trzebiatowski questioned why we do not institute an occupancy permit. He stated this may prevent new homes being built and then sold to someone when it is not up to code.

Director Ostrowski replied that the final inspection sheet serves as our occupancy sheet and we have been advised in the past by building organizations that it is a liability to issue occupancy permits so our final inspection serves as that occupancy.

Ayes: All Nays: None Motion carried.

ITEM #5 - APPROVAL OF PAYMENT OF CLAIMS.

Motion made by Ald. Molski, seconded by Ald. Brooks, to approve the payment of claims in the amount of \$514,906.70.

The claims were discussed.

Ayes: All Nays: None Motion carried.

ITEM #6 - RESOLUTION DESIGNATING PUBLIC DEPOSITORY AND AUTHORIZING WITHDRAWAL OF CITY MONEYS.

C/T Schlice commented that this done periodically when bank name changes or new banks are added. M & I Bank changed their name to BMO Harris Bank and we have a new bank on the south side of town called Investors Community Bank. They are headquartered in Manitowoc and have come up with a proposal to give us collateral for up to \$5 million dollars worth of deposits and are very competitive on their rates.

Motion made by Ald. Moore, seconded by Ald. Brooks to approve the resolution designating public depository and authorizing withdrawal of City moneys.

Ayes: All Nays: None Motion carried.

ITEM #7 – DISCUSSION AND POSSIBLE ACTION ON A DEVELOPMENT AGREEMENT REGARDING THE PROPERTY LOCATED AT 1220 BRIGGS COURT.

Layne Cozzolino, Interim Executive Director for Central Rivers Farmshed, stated they started the Greenhouse Project a couple of months ago, their goal being to develop the Sorenson's Garden Center and turn it into a community food center. The bank had approached the Midwest Renewal Energy Association and lowered the price significantly. She stated that her organization had been interested in that site since 2009 but the cost was always too high. After the bank approached the Association, they put together a group of community members that were interested in further developing the project and proceeded to raise money for the project. Local author and Professor, Patrick Rothfuss, secured the building for them which allowed them to begin working on creating the space and identifying grants. The matching grant that is being applied for is a community food project grant given by the USDA. What the grant does is looks at needs of helping with food security for low income communities. What Farmshed has done for several years is working with a variety of community members to identify gaps in the local food economy and also to educate people on their farmers and local food. This past year they implemented a program at the Farmers Market and they were allowed to bring Food Share members to the market and have them swipe their EBT card to access food from our local farmers and keep those monies here in our community. They also want to implement a Beginner Farmer Incubator Program, which is helping to grow more community farmers that will be able to supply them with fresh foods. They had over 60 community members showed up on the 22nd to help them clean the facility. They have raised \$93,000 that has been committed as matched and have numerous partners. She showed a drawing of what they would like to do with the space and gave a brief overview of it.

Ald. Suomi questioned if they have a completion date.

Layne Cozzolino replied that the grant is over a two year period but the grant funds would not be disbursed until October 1st of next year. We would find out in the Spring if we received the funding and it would be a 2 year grant at that point, so end of September 2014 it would complete.

Director Ostrowski stated we are applying for a \$250,000 matching grant, which is due November 17, which is why we have a Special Council Meeting tonight. The group plans on expending about \$430,000 over the next 15 months and this agreement is for \$100,000 in financial assistance. The \$100,000 would go directly go towards improvements and the physical structure itself. The group has stated they guarantee a \$250,000 assessed value on the structure, not including the land. The current assessed value is \$103,000 and the land is \$104,000, however with the selling price, we will not know where it will be next year. As for expenses, they will be paid out on a 50/50 basis with a private match and the security for the agreement would be a first mortgage on the property. There were 3 minor adjustments to the agreement, page 8, Payment in Lieu of Taxes, we indicate that it

would go until the end of TIF 6 or until May 15, 2033 or whichever comes first. On page 10, Conditions Upon Release, indicates that when it does reach that value, the City would release those funds and then on page 11 they added what Default means.

Ald. Moore clarified that this is a matching grant, so if they do not get the grant, this money does not get spent.

Director Ostrowski stated if they receive the grant we would provide up to \$100,000, also if they were able to gather another \$100,000 in private match, we would also fund that as well. Basically, even if they do not get the grant, if they can come up that money privately, we would match that.

C/T Schlice stated this is a TIF eligible expense for reimbursement later.

Ald. R. Stroik stated this is a great community effort to make this happen.

Motion made by Ald. Stroik, seconded by Ald. Suomi to approve the Development Agreement regarding the property located at 1220 Briggs Court.

Ayes: All

Nays: None

Motion carried.

Adjournment at 6:24 P.M.