

Minutes
Finance Committee
Thursday, November 12, 2009

Please note: Minutes are unofficial until approved by the Finance Committee at the next regularly scheduled meeting

Members Present: Mayor Chiovatero, Aldermen Wysocki, Ament and Hopkins & Citizen Member Kapfhammer
Others Present: Mike Holzinger, Finance Director, Mark Blum, City Attorney and Denise Wagner, citizen

Meeting called to order at 6:03 p.m.

New Business:

1. Approval of October 08, 2009 minutes.

Motion by Alderman Hopkins to approve the minutes of the October 08, 2009 meeting. Second by Alderman Ament, and approved unanimously with Mayor Chiovatero and Ms. Kapfhammer voting present.

2. Wisconsin Act 28 – Emergency Services Maintenance.

Alderman Wysocki explains that this item is on the agenda because of the potential impact it could have on the current process of approving the 2010 budget, and has asked Attorney Blum to address the committee.

Attorney Blum states that as part of the budget bill, the legislature added a maintenance for emergency services requirement, meaning that henceforth the amount you spend for initial response for police and fire has to be at least the same, if not more than what was spent the year before. If it is not, they will basically adjust, or dock, your shared revenue the following year for the disparity between the two amounts.

Conversation from the last meeting indicated a dispute as to whether in fact the way in which the bill is implemented by the DOR is consistent with the terms of Act 28 which created it. The issue is that to the extent that you have used shared revenues to pay for emergency services, those amounts are what must be at least the same, or more than, the year previous. The way the DOR is implementing is that they are asking that we provide information on ALL emergency service payments, and they will use only the shared revenue calculation at such time that it has all ready be determined that you have not spent as much as the preceding year.

There has all ready been a referral to the legislative reference bureau regarding how consistent the DOR's application is with what is actually in the Act, and their conclusion is that it is not. It remains to be seen whether there may be some litigation arising from this, and until such time as someone actually has their payment adjusted, that could be a time when damages could be incurred, and a lawsuit pursued. At least for right now, we have to look at this as if the DOR's method of application is going to be something that needs to be abided by.

In my letter to this committee on October 23rd it was my intention to give you some general information. I also provided copies of the information that the Clerk's office received on the subject, including the actual sheet you are supposed to fill out in terms of what your expenses are, what to turn in to the DOR, and a cover letter including frequently asked questions. The frequently asked questions is probably the most enlightening as far as how this is going to work going forward.

In terms of what this means for the City going into next years budget, the first issue is what we actually include for purposes of emergency services in the report provided to the DOR as this will create the baseline against which future expenditures will be determined. This does not include capital expenses, and, in essence, we are talking about labor expenses and the purpose being to protect the police and fire unions and be sure that their membership will not be adversely affected as a result of the spending cuts that might be necessary as a result of the budget problems.

The first issue is to decide what to include for purposes of making that report, and then going forward to make sure that we are trying to expend at least the same, and not more. Mr. Holzinger has included in the packet, copies of the Police and Fire budgets for purposes of reference.

Attorney Blum continues that it is significant to note that in looking at the frequently asked questions, it is not necessary to include supervisory personnel, but it must include all first responders from police and fire. In going forward, one of the issues is going to be whether, if we make some adjustments and some reductions, we are able to achieve without impacting the level of service, we will take the position that we have still abided by the terms of the Act. The legislature has left it to the DOR to look at the issue and particular cases and have we in fact met that standard or not, and therein is going to lie the rub. I suspect that we could easily say that we don't think we have adversely impacted the level of service in the community even though we have perhaps spent less money. The unions may look at it differently, and the DOR will be left with having to decide whether in fact we have established that, and made that case or not. The problem is that once you have made the decision to go with a level of service and the expenditure and find that the DOR does not agree, it is all ready too late.

As we suspected in terms of the calculation, what they are going to do is take the shared revenue payment and determine what percentage that shared revenue receipt is of your total revenues for the budget. That percentage is multiplied by the difference between what you spent in 2010 as opposed to 2009 for example. As I said, there is still a dispute over whether that is an appropriate way to do the calculation based on the way the legislation is written, but we are where we are until we see some other legislative action.

Alderman Hopkins raises the issue that the police and fire are counted as first responders, but for purposes of our paramedic service we claim they are not. Attorney Blum's responds that it is emergency services in general, and that the police are the first responders with respect to police service issues, and those officers, as well as members of the fire department. They are looking at the people who are actually responding to the call, basically, the union staff as opposed to those higher up the chain of command.

Alderman Wysocki wonders whether or not dispatchers are included, to which Attorney Blum responds that he believes they can be excluded, as well as jail staff etc, but it will be up to the City to decide how inclusive we want to be, and obviously, we will need to be consistent. Alderman Wysocki wonders if they are saying that the base amount can be readjusted, to which Attorney Blum responds that whatever is included for 2009 must be consistent and have those same expenditures in 2010. The base can be defined, but once decided, must be locked in for future years.

Mayor Chiovarero adds that at a recent meeting with the DOR, that they too are unhappy about the decision, believe this will certainly be a challenge, and are working hard on the issue. This was a last minute attempt on the part of the police and fire to protect their members in a bad economy. The Mayor believes this was a last minute decision and not completely thought thru by either party. The League of Municipalities is also watching the issue very carefully, and they too believe it will probably be challenged. Attorney Blum responds that the original publication had no adjustment based upon what percentage of shared revenue was being spent on emergency services. The more recent version, calculated after the fact, says that whatever amount spent from shared revenues has to be the same in the following years. DOR's calculation is to make that assessment on the back end, assuming that you spend an equal amount on emergency services, as you do on every other part of your budget for shared revenue. In our case, we pool that with other sources of revenue, and don't differentiate it.

Alderman Wysocki explains his reasons for bringing this item forward at this time is that we are close to adopting the budget, and need to be extremely careful. He believes that the next several years are going to be very difficult budget years, and we need to protect whatever money to which we are entitled. We do not want to put ourselves in potential jeopardy of loosing revenue because of something we do in the police and fire budgets in particular.

In final comments by Attorney Blum, he states that if there are cuts, the DOR will need to look at the transition between a brand new employee and a long term employee, and whether or not that diminishes the level of service. His advice would be that as you are doing the budget, if adjustments are made, retirements, or new employees coming in, it will be necessary for the chiefs to put something on the books stating that the number of hours of staff on the street will not diminish the level of safety to the public.

Alderman Wysocki requests that when the Police budget comes up for discussion, the chief include comments, for the record, that this budget does not reflect any reduction in services, which is strongly advocated by Attorney Blum. General discussion ensued, and in conclusion, questions are raised on the best way to present this issue to Council, what vehicle or committee be responsible, and what blueprint be used. It is Attorney Blum's recommendation that any budget going forward include an analysis of whether in fact we feel that we have diminished the level of service, and he, together with Alderman Wysocki will make a basic report to the council on this discussion.

3. Refund Outstanding Debt Issues.

Mr. Holzinger discusses the analysis from Ehlers who were unavailable for this meeting. General discussion of the three options available as provided in the report. Option 2 was favored by everyone with the largest savings.

In review, no decision is made, however, the committee is in favor of reviewing the issue quarterly, keeping an eye on the situation, and request market analysis updates from Ehlers every two months, or, when they feel the situation is appropriate for us to consider.

Old Business

1. Recommendation on Proposed City Strategic Plan

Alderman Wysocki explained that, in his opinion, the city needs to develop a strategic plan before Ehlers provide another analysis on the three year Financial Plan. General discussion, with the Mayor stating that he will take it to staff, and discuss the matter with department heads.

Adjourn

Motion by Alderman Hopkins to adjourn at 7:10 p.m. Second by Ms. Kapfhammer and approved unanimously

Respectfully submitted
Karin Ambrosch
Office Coordinator, Finance Dept

c: fincomm/11-16-09/kma