

Laura Szecsy

From: Rich Abbott
Sent: Tuesday, April 22, 2014 12:15 PM
To: Ed Henschel
Cc: Laura Szecsy; Katie Jelacic; Fred Abadi; Donna Whalen
Subject: West Ave Landfill
Attachments: West Ave Landfill - Transfer to Gen & Health Ins Funds.pdf

Ed,

I contacted the DNR and they believe the full grant for 1.5 mil was executed. I looked in a different account and found a \$600,000 payment which I assume is the missing amount (all the payments didn't go to the same account – State Aid).

What this means is that we would still have a shortfall in the Municipal Project fund 0420. I would be looking to have the Finance Committee and the Council approve a 2013 transfer from the Health Insurance Fund to cover the \$374,873 shortfall in that fund.

The reasoning being that there was money transferred into the Health Insurance Fund back in 2007 (see attached). The Fund Balance within the Health Insurance Fund has not gone below the transferred amount of \$1,150,000 (see schedule below). So, it is safe to say that those funds were not used.

Going forward, we will have to address West Ave Landfill projects in the same manner as any other projects. There is an operating budget in Fund 0100, Org 7120 to address maintenance, but if there are large capital expenditures, then we would use Fund 0420, Org 7190.

2007 – 2,760,822
2008 – 3,686,177
2009 – 3,306,251
2010 – 3,067,233
2011 – 4,121,708
2012 – 5,331,969

Thanks,

Rich Abbott
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MINUTES
FINANCE COMMITTEE
Tuesday, April 10, 2007 7:00 p.m.
Randall Room # 207, Waukesha City Hall

MEMBERS PRESENT: Chairman Randy Radish, Ald. Steve Johnson, Ald. Rick Tortomasi, and Ald. Joan Francoeur

MEMBERS ABSENT: Ald. James Connors

OTHERS PRESENT: Steve Neaman, Jim Payne, Ald. Pieper, Brad Viegut, and Paul Feller

MEETING CALLED TO ORDER: 7:00 PM

The following recommendations are forwarded to the Common Council for approval:

1. **Motion** – a motion was made by Ald. Francoeur and seconded by Ald. Johnson to renew the Intergovernmental Agreement with the Town of Delafield for Technical Rescue Services for the period of March 5, 2007 through March 4, 2008, at a retainer fee of \$3,394.00.

Motion carried unanimously. *West Ave. → 7190 - Fund 420 ← Transfers (org 7120) Operating Fund 100*

2. **Motion** – a motion was made by Ald. Francoeur and seconded by Ald. Johnson to transfer \$2,531,000 of the West Avenue Landfill settlement proceeds to the City's General Fund Undesignated Fund Balance and transfer \$1,150,000 to the City's Self Insured Health Insurance Fund Balance.

Steve Neaman explained that the City has received settlements from several companies that had used the landfill during the 60's and 70's, as well as large settlements from insurance companies. The total amount received was approximately \$5.2 million. He said the City received in excess of \$3 million more than what they had paid out of funds on hand to correct the problems at the landfill site, so they had to decide what to do with the extra money. After considering several ideas and consulting with the City's financial advisors at Baird, it was determined that some would be used to increase the Undesignated Fund Balance to help with the possible removal of the negative outlook on our bond rating we currently have through Moody's. One of the contributing factors cited by Moody's was the low reserves that the city has. The remainder of the proceeds would be used to increase the Health Insurance fund balance, to be used as a cushion in case of an unusually bad year of health claims. There is no guarantee that Moody's will remove the negative outlook or not lower our bond ratings, but this move will improve our standing with them substantially.

Jim Payne pointed out that this money will not be subject to arbitrage and, by putting \$2.5 million into the General Fund Balance, the City will increase its current revenue by the interest it will generate.

Brad Viegut, from Baird, said they considered if it would be more beneficial to taxpayers to put the money toward paying off a portion of the long-term debt associated with the landfill project, thus relieving the taxpayers from some of its burden, or to use the money to build up the reserves and thus bolster the City's ratings. They decided that, in the long run, the latter would have a more positive impact on taxpayers than paying off part of the landfill debt.

Ald. Francoeur verified that the addition to the City's Self Insured Health Insurance Fund Balance will also generate interest. She said that the interest received from both fund balances will exceed the interest paid on the landfill debt, so it is a cost effective move.

Ald. Pieper suggested using the additional interest on those balances to build up the escrow account for the landfill debt, thus building up the reserves and having money in the escrow account to use for retiring the debt, once the first set of bonds is called.

Brad Viegut said the City could designate a portion of the interest earnings each year toward the payoff of the bonds. He said this can be done without setting up an escrow account, which would provide a cost savings.

Steve Neaman said the earnings in the General Fund will be used to keep down the tax levy. If it is transferred to the debt service, it wouldn't accomplish anything more, because in the General Fund the interest would be used as general revenues and would offset tax levy dollars.

Ald. Tortomasi asked if there will be any effect, positive or negative, on future borrowing, since there is already talk of additional TIFs and another fire station.

Steve said building up the City's reserve funds will improve their bond rating, which will result in lower interest rates on borrowing.

Motion carried unanimously.

- 3. Motion** – a motion was made by Ald. Radish and seconded by Ald. Tortomasi to authorize the issuance of general promissory notes in the amount of \$8,330,000.

Steve Neaman explained that included in the notes are the City's general CIP projects, additional monies for TIF 14, architectural fees and planning of Fire Station 5, land purchases for relocating stations 2 and 3, the Phoenix system for the police department, reconstruction projects for federal and state, TIF 12, TIF 11, and additional money for fire station 1 to complete that borrowing. Also included is the total needed for the Johnson Controls project.

Ald. Francoeur asked for an explanation of the difference between promissory notes and general obligation bonds.

Brad Viegut said a promissory note assures payment within 10 years, whereas bond issues go beyond the 10 year term.

Motion carried unanimously.

- 4. Motion** – a motion was made by Ald. Johnson and seconded by Ald. Tortomasi to authorize the issuance of general obligation refunding bonds in the amount of \$5,870,000.

Steve Neaman said these are just a continuation of the previous item. The proceeds of this issue will be used to pay off the short term borrowings for TIF 14, Fire Station 1 and TIF 12.

Motion carried unanimously.

5. Discussion of the City Financial Policies.

Ald. Francoeur asked if anything had changed in the Policies.

Steve Neaman said the only change is the addition of the IT acquisition policy.

Ald. Francoeur said the organized cyclic wage reviews for various positions within the City, such as aldermen, city administrator, etc. has been done by council resolution, and she questioned whether it should be added to the Financial Policies instead.

Jim Payne said it could be, but he would recommend it be added to HR policies rather than financial policies.

COMMUNICATIONS: None

ADJOURNMENT: **A motion was made by Ald. Tortomasi and seconded by Ald. Radish to adjourn the meeting. Meeting adjourned at 7:39 PM.**

Respectfully submitted,
Ald. Randy Radish, Chairman
Prepared by Laura Szecsy