

FINANCE COMMITTEE

June 8, 2017

Call to Order: Chairman DeWitt called the regular meeting of the Finance Committee to order at 5:00 pm in the Municipal Building Council Chambers.

Roll Call: Members Present: Chairman DeWitt, and Aldermen Stebnitz. Alderman Schroeder arrived shortly after the meeting began. Also Present: City Administrator Pieroni, Finance Director Hayden, Director of Public Works Wendorf, Chief O'Neill and City Clerk Kitzman.

Auditor's Presentation on 2016 Financial Statements and Audit: Carla Gogin of Baker Tilly reviewed the 2016 Financial Statements and Management Letter. The City received a clear opinion on the financial statements.

Total General Fund Balance is \$2,994,439. The unassigned Fund Balance is \$1,906,619. Fund Balance went up approximately \$14,000, noting that the City had assumed the use of \$342,444 of fund balance in the budget. Unrestricted General Fund Balance is very positive at 38.57% of Expenditures.

General Obligation Debt outstanding is \$12,769,666. The City is at 46% of GO Debt capacity. This is a great improvement from 2012 at which time it was at 73%. The percentage of debt service to non-capital expenditures is at 24.99%. Bond rating companies would like it to be at approximately 20%. Each year the GO Debt has gone down, which is a very positive trend.

General Fund and Debt Service Fund Revenues and Expenditures were reviewed. Taxes are 73% of total revenues. Expenditures were reviewed. It was noted that Public Safety is 44% of the total General Fund expenditures. Ms. Gogin indicated that was not unusual for municipalities of the size.

Ms. Gogin reviewed the Water Utility Financial Statements. She cautioned the Commission to make sure that the water rates are covering the cost of the utility. Revenues have remained stable. Expenditures peaked in 2015, noting that this was not the normal but rather do to a couple of significant maintenance projects that were undertaken in that year. The Utility has 24 months of unrestricted cash, which is very positive.

Ms. Gogin reviewed the process for filing a simplified rate adjustment case for the water utility. She added that a gradual increase in utility rates is always preferred to a substantial jump in these rates.

Ms. Gogin noted that the Sewer Utility is debt free. In the Communication to Those Charged with Governance and Management, it was noted that treatment volumes significantly exceeded volume billed. She encouraged the Utility to continue to work on cost effective ways to address this issue. Mr. Salitros noted the percentage of infiltration and inflow is increasing despite the attempts to line pipes, etc. Ms. Pieroni noted that the spikes are not consistent with major rainfalls or other typical conditions that are normally tied to spikes.

The Management Report also notes a significant deficiency in the controls over Municipal Court. Alderman Stebnitz asked whether this was due to being under-staffed. Ms. Gogin responded that more typically this is due to a Judge feels that they are in charge of Municipal Court and not necessarily the management of the process. Lack of segregation of duties is also an issue.

Public Comments and/or Communications: None.

Approval of Minutes: Alderman Stebnitz moved to approve the minutes of May 9, 2017. The motion was seconded by Alderman Schroeder and unanimously carried.

Administrator's Report: Ms. Pieroni reviewed the budget schedule with the Finance Committee.

Finance Director's Report: Ms. Hayden reported on the p-cards process.

Review of Treasurer's Report (City Investments) and Bank Reconciliation for May, 2017:

Financial Statements for May, 2017: Ms. Hayden noted that the financial statements do not include one of the payrolls for the month of May. New copies will be distributed prior to the Council meeting.

Warrant 17-05: The Committee questioned the refunds and voids relating to citations, as well as other bills. The Committee asked to review the process for the Men's Club Fees paid through Delbrook to Ron Grair.

Alderman Stebnitz moved to recommend to the Common Council the approval of Warrant 17-05, seconded by Alderman Schroeder and unanimously carried.

Professional Services over \$5,000 not previously approved under contract: None.

Consider a motion to recommend to the Common Council the award of the 2017 Street and Utility Improvements contract to Stark Pavement Corp., Brookfield, WI, for a not-to-exceed amount of \$768,047.25: Mr. Wendorf explained the project is for reconstruction of Mound Road from Highway 11 (Racine Street) to Hallberg Street, for repaving of Marino Avenue from Franklin Street to Franklin Street, and for replacement of the settled portion of curbing in front of Andes Candies. An alternate was requested for additional spot repairs of paving areas on Hobbs Drive from Hallberg Street to Mound Road.

Alderman Stebnitz moved to recommend to the Common Council the award of the 2017 Street and Utility Improvements contract to Stark Pavement in the amount of \$768,047.25, which includes utility work totaling \$103,960. The motion was seconded by Alderman Schroeder and unanimously carried.

Consider a motion to recommend to the Common Council the purchase of the OBD model LCT650 tow-behind leaf vactor with an 87 hp gasoline engine, from OBD of Richmond, VA for an amount not-to-exceed \$41,150: Mr. Wendorf reviewed the quotes that were received on the proposed purchase of a new tow-behind leaf vactor to replace two of the older leaf units.

Alderman Schroeder moved to recommend to the Common Council the approval of the purchase of the OBD model LCT650 tow-behind leaf vactor with an 87 hp gasoline engine from ODB, Richmond, VA, at an amount not to exceed \$41,150 and to declare the City's two 1993 tow-behind leaf vactors as surplus effective upon receipt of the new unit. The motion was seconded by Alderman Stebnitz and unanimously carried.

Consider a motion to recommend to the Common Council the approval of Change Order #1 to the Highway 50 Water Main Replacement Contract in the amount of \$66,489: During excavation for the relocation of the fire hydrant at Wright and Geneva Streets which occurred during the second week of May, it was discovered that a portion of the existing 8" water main is only about 2 feet below the ground. This will require the City to relay about 450 feet of water main.

Alderman Stebnitz moved to recommend to the Common Council the approval of the Change Order in the amount of \$66,489. The motion was seconded by Alderman Schroeder and unanimously carried.

Consider a motion to recommend to the Common Council the approval of the proposal from Becker Macleod Company of Hartford for Street Lighting Conduit expenditures for Geneva Street and Madison Avenue Repairs in the amount of \$23,532: Three proposals were received to

supply and directionally drill approximately 1,760 feet of 2” HDPE pipe to replace some of the City’s street light wiring along the closed portion of the Highway 50 project (Seventh Street to Alder Avenue) that is not included as part of the scope of the DOT project. A price is also included for replacement conduit for the wiring of the street lights on Madison Drive from Phoenix Street to the south end as this wiring system, which section has experienced multiple failures over the past several years.

Alderman Stebnitz moved to recommend to the Common Council the approval of the proposal submitted by Becker Macleod Company, Hartford WI, to supply and install 2” HDPE pipe for street lighting repairs on Geneva Street and Madison Avenue at the price of \$7.95 per foot, for a total cost of \$23,532. The motion was seconded by Alderman Schroeder and unanimously carried.

Consider award of the 2017 Concrete Sidewalk and Curbing Repairs contract to Humphreys Contracting of Lake Geneva in the amount of \$8,140: This project is for concrete repair work at the Mill Pond Recreation Center for concrete sidewalk pads at the exterior of the two new restroom entrances; repairs at 1440 Racine Street to the gutter that is falling apart, and repairs to correct a small portion of sidewalk in front of 311 E Geneva Street. Alderman Stebnitz moved to approve the award of the 2017 concrete repairs contract to Humphreys Contracting of Lake Geneva at a cost of \$8,140. The motion was seconded by Alderman Schroeder and unanimously carried.

Consider a motion to recommend to the Common Council the approval of an Intergovernmental Agreement with the Delavan-Darien School District for Usage of School District Owned Equipment (Covers Kayaks and related Equipment used by the City for its Water Sports Program): Ms. Pieroni indicated that, although continuation of agreement was supported, the School District identified a number of concerns relating primarily to the condition of the equipment when it was returned which was after it was used for the classes that were held by Tim Koepnick. It was noted that, related to this, the School District has asked that the City contribute to a fund for the future replacement of this equipment.

Alderman Schroeder moved to recommend to the Common Council the approval of the Intergovernmental agreement for the usage of school district equipment between the City of Delavan and the Delavan-Darien School District, providing for the use of kayaks, paddles and life preservers conditioned on the proposed additional changes falling within the parameters discussed. The motion was seconded by Alderman Stebnitz and unanimously carried.

Review TID #4 and TID #5 Supplemental Reports for 2016: The reports were briefly reviewed.

Future Agenda Items: None.

Adjourn: There being no further business to come before the Finance Committee, the meeting adjourned at 6:15 p.m. upon a motion by Alderman Schroeder, seconded by Alderman Stebnitz and unanimously carried.

Susan Kitzman
City Clerk