

## **FINANCE AND PERSONNEL COMMITTEE**

April 11, 2017

The Finance and Personnel Committee met on Tuesday, April 11, 2017, at 9:00 .m. in the County Board Room, located on the Third Floor of the Courthouse, 181 West Seminary Street, Richland Center, Wisconsin.

Committee members present included: Jeanetta Kirkpatrick, Fred Clary, Bob Bellman, Linda Gentes, Buford Marshall, Larry Sebranek and Don Seep.

Others present included: Victor Vlasak, County Clerk; and county elected officials, department heads and employees.

Committee Chairman Kirkpatrick called the meeting to order.

The Clerk verified that the meeting had been properly noticed. Copies of the agenda were sent by email to all Committee members, WRCO and County department heads, a copy was posted on the Courthouse Bulletin Board and a copy was faxed to The Richland Observer.

Motion by Sebranek, second by Bellman to approve the agenda, as amended. Motion carried.

Mike Breininger, representing Southwest Partners, addressed the Committee regarding the re-emergence of an economic development organization. Funding and resources available to other counties in the southwest region are not coming to Richland County because we do not have an economic development specialist or organization. Data was presented from the Southwest Wisconsin – Small Business Development Center showing funds and client assistance for business startups, consulting, etc. that have been received by the six county consortiums. The proposal is for Southwest Partners to be a facilitator to partner with other entities to create an economic development organization. Breininger reviewed the list of entities who will be involved. Southwest Wisconsin Regional Planning is hiring a new economic development specialist for their business incubator in Platteville. Southwest Partners would work in cooperation with the Southwest Regional Planning Commission for a 20% position to be an economic development specialist in Richland County. The person would be in Richland County one day per week. The plan is to move to a 50% position by 2019 and a full time Economic Development Specialist position by January, 2020. Funding for the 20% position is \$24,000 for 416 hours at \$55.00 per hour. Entities will be approached to assist with funding the 20% position. Southwest Partners has committed \$4,000.00. \$4,000.00 is planned to come from Prosperity Southwest. Richland Center Utilities, City government, REC and others will be approached to assist in funding the 20% position. Motion by Bellman, second by Sebranek to appropriate \$4,000.00 to Southwest Partners to assist in funding the 20% position. Motion carried.

Carol Ann Wirth, President of Wisconsin Public Finance Professionals, LLC, addressed the Committee. Ms. Wirth reviewed the financings in 2015 and 2016 for the Pine Valley project. A bond rating was received and investors were solicited. The financial position of the County was presented at that time. When the 2015 audit was completed, that information became available on a web site that the rating agency and investors use for the purpose of keeping current. The information revealed that the cash position of the County had changed with the reduction in fund balance. Moody's rating agency followed up quickly with a surveillance bond

rating. The bond insurance company that the underwriter who purchase the County's bonds in 2016 used also contacted the County with questions. At that time strategies had to be put forward to reduce the 2017 and 2018 budgets. Moody's took a rating action downgrading the County's bond rating from A1 to A2. A negative outlook was also assigned. Moody's will be monitoring the County's progress in 2017 addressing the strategies for reducing the budgets. Moody's will decide if they will take a rating action. The bonds were purchased when the rating was A1. A downgrade in the rating reduces the value of the bonds. In August 2015 the County Board adopted a policy stating that when the fund balance falls below 25% of expenditures a plan must be developed to replenish the fund balance within two budgetary cycles. This policy is taken seriously by the rating agency and the investors. The investors will want to see how the County is trying to get back on track.

Ms. Wirth addressed the monthly cash flow. She noted that Richland County is not the only county going through the affect of out of home placements on the human services department. If short term borrowing is considered Quarles and Brady legal counsel would be involved. The law requires that the County demonstrate where its deficit is and prove if there is or isn't a cash flow issue in that month. Cash flow borrowing signals that the County is in a distressed situation.

Ms. Wirth addressed the fund balance situation. Principal and interest payments on debt are outside of levy limits. A  $\frac{3}{4}$ 's vote of members elect is required to approve debit issues. The law allows going to the citizens by referendum to ask for increased tax levy for operations. Statutes require specific wording when going to referendum for permission to increases taxes for paying for more operating expenses. The fund balance still needs to be rebuilt to address cash flow concerns and for the investors. The referendum is not widely used because of the level of complexity. A period of time is needed to educate the community. Timing would make it difficult to present a referendum in time for the adoption of the 2018 budget.

Ms. Wirth discussed borrowing for capital items. The term of the loan would be determined by the useful life of the item being financed. The borrowing would require a  $\frac{3}{4}$ 's vote of the members elect of the County Board. The principal and interest payments on the borrowing are outside of the levy limits. Identifying capital projects and funding them by borrowing from the State Trust Fund Loan Program would be a way to increase the fund balance if those capital project dollars are taken out of the operating budget and those dollars pledged to replenish the fund balance.

Ms. Wirth stated that the situation with the fund balance has to be dealt with. The County has to demonstrate to investors what can be done to remain fiscally sound. Focus needs to remain on strategies for reducing the budget. To get back under the fund balance policy and continue to meet payroll and operating expenses, borrowing for the capital projects and removing those dollars from the operating budget and pledging those to the fund balance could recreate the fund balance with two years. Borrowing for capital projects would only be for the purpose of improving the County's fund balance.

The next agenda item discussed was the phase out or capping of the sick leave benefit accrual. Attorney Jon Anderson provided an opinion on the sick leave conversion benefit available to employees upon retirement. The concern is the financial liability to the County for the conversion and/or payout benefit. Below is the language in the Handbook of Personnel Policies regarding the sick leave benefit:

Sick leave accrues at the rate of one day per month on the staff person's anniversary date for full-time employees. Regular, part-time employees working at least 17 and 1/2 hours per week or 70 hours per month shall accrue sick leave at a rate of one-half of the sick leave generated by full-time employees. Up to 126 days of sick leave may be accrued.

Sick leave shall accumulate for not more than one-hundred twenty six (126) days.

All accrued sick leave is lost when employment ceases, including when the individual is appointed to, or elected by the voters, to a full-time elected County position; exceptions are death, retirement or early retirement.

Any unused sick leave accumulated by the employee to a maximum of sixty (60) days at the time of death or retirement shall be paid to the employee in a lump sum upon death or retirement, provided that upon retirement the employee is eligible for retirement benefits under the Wisconsin Retirement Fund. In lieu of payment each such employee shall be offered the option of converting 90% of his/her eligible accumulated sick leave (up to 126 days) to payment toward health insurance premium. The employee election provided in this paragraph shall be in writing and shall be submitted to the County Clerk. The employee may not change his/her election once it has been submitted.

One option presented by Attorney Anderson would be to change the sick leave benefit for new employees. Another option would be to phase out the benefit over a period of time. Discussion continued on the possible phase out or reduction of the sick leave conversion benefit continued between department heads and employees that were present and between members of the Committee. No action was taken.

The Committee discussed authorizing department heads to meet. Motion by Sebranek, second by Bellman to authorize department head meetings on a monthly basis and that the minutes for the meeting are provided to the Finance and Personnel Committee. Motion carried. For the next six months departments can meet on a monthly basis, prepare an agenda for the meetings, appoint a coordinator for the group and keep minutes of the meeting.

Sebranek, who is a member of the Highway Commission, addressed the Committee regarding the cost of advertising vacant positions in the department. Sebranek noted that the requirements of the positions are similar. Retirements are occurring in the department resulting frequently having to fill vacant positions. Motion by Sebranek, second by Seep to postpone the discussion; discuss amending the language in the Handbook at the next meeting and seek a legal opinion on the need to advertise each vacant position. Motion carried.

The next Finance and Personnel Committee meetings are scheduled for May 2<sup>nd</sup> and May 9<sup>th</sup>.

Motion by Bellman, second by Gentes to adjourn. Motion carried. The meeting adjourned at 12:00 p.m.

Victor V. Vlasak  
Richland County Clerk