



Office of the Comptroller

W. Martin Morics, C.P.A.
Comptroller

Michael J. Daun
Deputy Comptroller

John M. Egan, C.P.A.
Special Deputy Comptroller

Craig D. Kammholz
Special Deputy Comptroller

July 15th, 2011

The Honorable Common Council
Committee on Finance and Personnel
City of Milwaukee

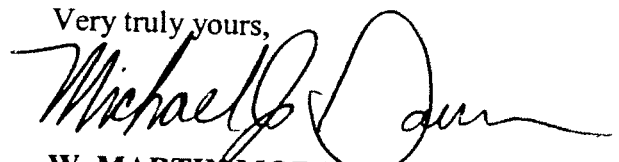
Re: Common Council Contingent Fund Status

Dear Committee Members:

Attached is the current Common Council Contingent Fund Status report as updated by the recent Common Council resolutions adopted.

If you have any questions concerning this report, please contact Trang Dinh of my staff at extension 2293.

Very truly yours,



W. MARTIN MORICS
Comptroller

WMM:td

Attachment

CC: City Clerk
Budget Office
LRB

2011 COMMON COUNCIL CONTINGENT FUND

Status on 07/15/2011

Funds Appropriated

2011 Adopted Budget 5,000,000.00

Transfers authorized by prior Council meetings

| Journal ID | Date | Year | Class | Bud Ref | Amount | Description |
|------------|----------|------|-------|---------|--------------|-------------------------------|
| 238874 | 1/1/2011 | 2011 | C001 | 2011 | 5,000,000.00 | 2011 Approved Budget |
| 242301 | 2/8/2011 | 2011 | C001 | 2011 | (636,626.35) | Res. 101189 2/8/11 CF to S163 |

Remaining Reserved Commitments Authorized by prior Council meetings

None -

Total Transfers & Reserved (636,626.35)

Balance Available on July 15th, 2011 4,363,373.65

% Expended/Reserved Current status 13%

Comparative Balance Available on June 15th of prior years

| | <u>Balance</u> | <u>Budgeted</u> | <u>% Expended</u> |
|------------------------|----------------|-----------------|-------------------|
| 2006 | 4,497,000 | 5,500,000 | 18% |
| 2007 | 2,472,000 | 5,500,000 | 55% |
| 2008 | 4,368,349 | 5,000,000 | 13% |
| 2009 | 3,987,325 | 5,000,000 | 20% |
| 2010 | 5,000,000 | 5,000,000 | 0% |
| Average of prior years | 4,064,935 | 5,200,000 | 22% |



City of Milwaukee

City Hall
200 East Wells Street
Milwaukee, WI 53202

Meeting Agenda FINANCE & PERSONNEL COMMITTEE

ALD. MICHAEL J. MURPHY, CHAIR

Ald. Robert J. Bauman, Vice-Chair

Ald. Joe Dudzik, Ald. Milele A. Coggs, and Ald. Nik Kovac

Staff Assistant, Tobie Black, 286-2231; Fax: 286-3456,

tblack@milwaukee.gov

Legislative Liaison, Jim Carroll, 286-8679,

jcarro@milwaukee.gov

Wednesday, July 20, 2011

9:00 AM

Room 301-B, City Hall

The FINANCE & PERSONNEL COMMITTEE may convene into closed session, pursuant to s. 19.85(1)(e), Wis. Stats., for the purpose of formulating collective bargaining strategies and then will go into open session for the regular agenda.

1. [110338](#) Communication from the Department of Administration - Budget and Management Analysis Division regarding vacancy requests, fund transfers and equipment requests.
Sponsors: THE CHAIR

2. [110337](#) Communication from the Department of Employee Relations relating to classification studies scheduled for City Service Commission action.
Sponsors: THE CHAIR

3. [110417](#) A substitute ordinance relating to the participation of represented/nonsworn employees in the direct deposit program.
Sponsors: THE CHAIR

4. [110410](#) Communication from the Department of Neighborhood Services relative to amending the 2011 Positions Ordinances.
Sponsors: THE CHAIR

5. [110292](#) Resolution authorizing the Milwaukee Police Department to apply for, accept, and fund an I-94 N-S Corridor Reconstruction grant agreement with the Wisconsin Department of Transportation.
Sponsors: THE CHAIR

6. [110333](#) Substitute resolution authorizing the acceptance and expenditure of contributions received by the Milwaukee Police Department from federally forfeited tangible property or cash for increased or enhanced law enforcement efforts. (Police Department)
Sponsors: THE CHAIR

7. [110310](#) Substitute resolution relative to application, acceptance and funding of the HIV

Women's Grant from the Medical College of Wisconsin.

Sponsors: THE CHAIR

8. [110311](#) Substitute resolution relative to application, acceptance and funding of the Seek, Test, Treat: Addressing HIV in the Criminal Justice System Grant from the Medical College of Wisconsin's Center for AIDS Intervention and Research (CAIR).

Sponsors: THE CHAIR

9. [110312](#) Substitute resolution relative to application, acceptance and funding of the Bioterrorism Grant - Focus CRI from the State of Wisconsin Department of Health Services.

Sponsors: THE CHAIR

10. [110313](#) Substitute resolution relative to the application, acceptance and funding of the 2011 Public Health Preparedness (CDC) Grant from the State of Wisconsin - Department of Health Services.

Sponsors: THE CHAIR

11. [110314](#) Substitute resolution relative to application, acceptance and funding of the FIT Families Grant from the State of Wisconsin Department of Health Services.

Sponsors: THE CHAIR

12. [110325](#) Resolution authorizing the City Comptroller to transfer funds to various State or Federal Aid project subaccounts for the estimated remaining Wisconsin Department of Transportation and City of Milwaukee preliminary engineering costs being \$25,000 with the City's share being \$25,000 and the Grantor's share being \$0.00.

Sponsors: THE CHAIR

13. [101245](#) A substitute ordinance relating to the bid preference for local business enterprises.

Sponsors: Ald. Bohl and Ald. Hamilton

14. [100543](#) Communication from the Department of Administration relating to the annual report of the local business enterprises activities contracting program.

Sponsors: THE CHAIR

15. [110304](#) Communication from the Department of Administration on the fiscal impact related to the award of contracts to low bidders in conjunction with the city's purchasing of American vehicles.

Sponsors: THE CHAIR

16. [110217](#) Communication from the Community Development Grants Administration relating to Community Development Entitlement funds.

Sponsors: Ald. Davis

17. [110409](#) A communication from the Department of Employee Relations relating to changes to be made to the Salary Ordinance for employee's represented by the Association of Law

Enforcement Allied Services Personnel, Local #218, I.U.P.A., AFL-CIO and the Milwaukee Police Association, Local 21, I.U.P.A, AFL-CIO, Police Aide Unit.

Sponsors: THE CHAIR

18. [070011](#) Substitute resolution extending certain terms of an agreement between the City of Milwaukee and the Association of Law Enforcement Allied Services Personnel, Local #218, I.U.P.A., AFL-CIO, Police Support Services Personnel.
Sponsors: THE CHAIR
19. [110289](#) A substitute charter ordinance relating to retirement benefits for employees represented by the Milwaukee Police Association, Local #21, I.U.P.A., AFL-CIO, (Police Aide Unit).
Sponsors: THE CHAIR
20. [101246](#) A substitute charter ordinance relating to retirement benefits for employees represented by the Association of Law Enforcement Allied Services Personnel.
Sponsors: THE CHAIR
21. [110347](#) A substitute charter ordinance relating to retirement benefits for certain employees of the fire and police departments.
Sponsors: THE CHAIR
22. [110368](#) Substitute resolution amending agreements with the Wisconsin Energy Conservation Corporation relating to energy efficiency grants.
Sponsors: Ald. Murphy
23. [110271](#) Communication from Comptroller's Office transmitting a report titled Audit of Department of Public Works Fleet Services Inventory.
Sponsors: THE CHAIR
24. [110341](#) Resolution relating to the expenditure of funds to be reimbursed by greater than anticipated revenue. (Special Purpose Account - Firemen's Relief Fund)
Sponsors: THE CHAIR
25. [100876](#) A charter ordinance relating to the annual service retirement allowance for elected officials.
Sponsors: Ald. Dudzik
26. [110175](#) Resolution authorizing the Department of Employee Relations to contract with a vendor for the City Basic Plan/ Preferred Provider Organization health benefits for 2012-2014.
Sponsors: Ald. Murphy
27. [110176](#) Resolution authorizing the Department of Employee Relations to contract with a vendor for City Health Maintenance Organization/ Exclusive Provider Organization health benefits for 2012-2014.

Sponsors: Ald. Murphy

28. [110177](#) Resolution authorizing the Department of Employee Relations to contract with a vendor for prescription benefit management organization as part of City health benefits for 2012-2014.

Sponsors: Ald. Murphy

29. [110178](#) Resolution authorizing the Department of Employee Relations to contract with a vendor for City long term disability benefits for 2012-2014.

Sponsors: Ald. Murphy

30. [110300](#) Resolution authorizing the Department of Employee Relations to administer health insurance benefits for City employees.

Sponsors: THE CHAIR

31. [110301](#) Resolution authorizing the Department of Employee Relations to administer dental benefits for City employees.

Sponsors: THE CHAIR

32. [110319](#) Resolution to extend current health insurance benefits to certain employee groups.

Sponsors: THE CHAIR

33. [110145](#) Substitute resolution authorizing attendance at conventions, seminars and other travel.

Sponsors: THE CHAIR

34. [110339](#) A substitute ordinance to further amend the 2011 rates of pay of offices and positions in the City Service.

Sponsors: THE CHAIR

35. [110340](#) A substitute ordinance to further amend the 2011 offices and positions in the City Service.

Sponsors: THE CHAIR

The FINANCE & PERSONNEL COMMITTEE may convene into closed session, pursuant to s. 19.85(1)(e), Wis. Stats., for the purpose of formulating collective bargaining strategies.

This meeting will be webcast live at www.milwaukee.gov/channel25.

Members of the Common Council and its standing committees who are not members of this committee may attend this meeting to participate or to gather information. Notice is given that this meeting may constitute a meeting of the Common Council or any of its standing committees, although they will not take any formal action at this meeting.

Upon reasonable notice, efforts will be made to accommodate the needs of persons with disabilities through sign language interpreters or auxiliary aids. For additional information or to request this service, contact the Council Services Division ADA Coordinator at 286-2998, (FAX)286-3456, (TDD)286-2025 or by writing to the Coordinator at Room 205, City Hall, 200 E. Wells Street, Milwaukee, WI 53202.

Limited parking for persons attending meetings in City Hall is available at reduced rates (5 hour limit) at the Milwaukee Center on the southwest corner of East Kilbourn and North Water Street. Parking tickets must be validated in Room 205, (City Clerk's Office) or the first floor Information Booth in City Hall.

Persons engaged in lobbying as defined in s. 305-43-4 of the Milwaukee Code of Ordinances are required to register with the City Clerk's Office License Division. Registered lobbyists appearing before a Common Council committee are required to identify themselves as such. More information is available at www.milwaukee.gov/lobby.



Legislation Details (With Text)

File #: 110338 **Version:** 0

Type: Communication to Finance **Status:** In Committee

File created: 7/6/2011 **In control:** FINANCE & PERSONNEL COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Communication from the Department of Administration - Budget and Management Analysis Division regarding vacancy requests, fund transfers and equipment requests.

Sponsors: THE CHAIR

Indexes: VACANCY REQUESTS

Attachments:

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 7/6/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
110338
Version
ORIGINAL

Reference

Sponsor
THE CHAIR

Title
Communication from the Department of Administration - Budget and Management Analysis Division regarding vacancy requests, fund transfers and equipment requests.

Drafter
CC-CC
TB
6/29/11

**AGENDA OF ITEMS TO BE CONSIDERED
BY THE COMMITTEE ON FINANCE AND PERSONNEL**

DATE: July 20, 2011

TIME: 9:00 A.M.

PLACE: Committee Room 301-B
City Hall

SCHEDULE A: Vacancy Requests

SCHEDULE B: Fund Transfers

SCHEDULE A - VACANCY REQUESTS

Finance & Personnel Committee Meeting: July 20, 2011

CSC-Status - Under Civil Service
Unless Noted as Exempt (E)Funding Source - 100% Operating
Budget Unless Otherwise Indicated

| I.D. No. | Department and Position | Pay Range | Date Vacant | Number of Positions With Same Title | | | | | CSC Status and/or Funding Source | Int/ Ext Fill | Code |
|-------------|-----------------------------------------------------------------------------|--------------|----------------|----------------------------------------|------------------------------|-------------------------------|------------------------|---------------|----------------------------------------|---------------------|------|
| | | | | Authorized | Filled excl. this pos. | Recomm. Authori- zation | Vac. Prev. Appr. | Other Vac. | | | |
| | <u>PROPERTY TAX LEVY SUPPORTED POSITIONS</u> | | | | | | | | 5% Reimbursable | Int | x-2b |
| | <u>DOA-INFORMATION TECH. & MGMT. DIV.</u> | | | | | | | | | | |
| 110258 | Database Administrator | 11 | 7/10/11 | 1 | 0 | 1 | 0 | 0 | | | |
| 110259 | Systems Analyst - Project Leader | 11 | NA | 5 | 4 | 1 | 0 | 0 | | | |
| 110260 | Programmer II | 556 | NA | 1 | 0 | 1 | 0 | 0 | 5% Reimbursable | Int/Ext | x-2b |
| 110261 | Database Associate | 6 | NA | 1 | 0 | 1 | 0 | 0 | 5% Reimbursable | Int/Ext | x-2b |
| | <u>CITY TREASURER</u> | | | | | | | | 5% Reimbursable | Int/Ext | x-2b |
| 110176 | Teller (0.53 FTE) | 445 | 5/14/11 | 2 | 1 | 1 | 0 | 0 | | | |
| | <u>COMMON COUNCIL-CITY CLERK</u> | | | | | | | | | | |
| 110262 | License Specialist | 455 | 6/11/11 | 8 | 6 | 1 | 0 | 1 | | | |
| | <u>COMPTROLLER</u> | | | | | | | | 5% Reimbursable | Int/Ext | x-2b |
| 110263 | Auditor | 577 | 5/14/11 | 6 | 2 | 1 | 1 | 2 | | | |
| 110264 | Auditor Lead | 578 | 7/8/11 | 2 | 1 | 1 | 0 | 0 | | | |
| | <u>FIRE DEPARTMENT</u> | | | | | | | | | | |
| 110265 | Fire Lieutenant | 856 | 6/28/11 | 163 | 160 | 1 | 2 | 0 | | Int | x-1 |
| | <u>HEALTH DEPARTMENT</u> | | | | | | | | 5% Reimbursable | Int | x-2b |
| 110266 | Network Analyst Assistant I | 596 | 7/16/11 | 1 | 0 | 1 | 0 | 0 | | | |
| 110267 | Public Health Social Worker | 594 | | 2 | 1 | 1 | 0 | 0 | | | |
| 110268 | Environmental Health Specialist I/II | 530 | 4/1/11 | 18 | 17 | 1 | 1 | 0 | | | |
| | <u>LIBRARY</u> | | | | | | | | 5% Reimbursable | Int | x-2b |
| 11471 | Library Technician II | 410 | 12/30/10 | 11 | 10 | 1 | 0 | 0 | | | |
| 11472 | Custodial Worker II-City Laborer | 215 | 12/12/10 | 28 | 25 | 1 | 2 | 0 | | | |
| 110283 | Library Technician III | 425 | 3/20/2011 | 3 | 2 | 1 | 0 | 0 | | | |
| | <u>DEPT. OF NEIGHBORHOOD SERVICES</u> | | | | | | | | 5% Reimbursable | Int | x-2b |
| 110275-77 | Code Enforcement Inspector II (3 pos.) | 541 | 5/29/10 | 55 | 50 | 3 | 0 | 2 | | | |
| | | | 8/22/10 | | | | | | | | |
| 110278-81 | Code Enforcement Inspector II (4 pos.) | 541 | 8/23/10 | 55 | 46 | 4 | 0 | 5 | | | |
| | | | 7/24/11 | | | | | | 5% Reimbursable | Ext | x-2b |
| | | | 7/24/11 | | | | | | | | |
| | | | 7/24/11 | | | | | | | | |
| 110282 | Office Assistant II | 410 | 10/3/10 | 11 | 7 | 1 | 0 | 3 | | | |
| | <u>DPW-ADMINISTRATIVE SERVICES</u> | | | | | | | | 5% Reimbursable | Int | x-2b |
| 110269 | Public Works Coordination Manager | 14 | 7/10/11 | 1 | 0 | 1 | 0 | 0 | | | |
| 110270 | Telecommunications Analyst-Senior | 8 | 7/30/11 | 2 | 0 | 1 | 0 | 0 | | | |
| | | | | | | | | | | | |
| | <u>NON-PROPERTY TAX LEVY SUPPORTED POSITIONS (Enterprise Funds, Grants)</u> | | | | | | | | | | |
| | <u>EMPLOYEES' RETIREMENT SYSTEM</u> | | | | | | | | 5% Reimbursable | Int/Ext | x-6 |
| 110271 | Pension Specialist Sr. | 3 | 6/12/11 | 4 | 2 | 1 | 0 | 1 | | | |
| 110274 | Records Technician II | 410 | 7/10/11 | 2 | 0 | 1 | 0 | 1 | | | |
| | | | | | | | | | | | |

SCHEDULE A - VACANCY REQUESTS

Finance & Personnel Committee Meeting: July 20, 2011

CSC-Status - Under Civil Service
Unless Noted as Exempt (E)

Funding Source - 100% Operating
Budget Unless Otherwise Indicated

| I.D. No. | Department and Position | Pay Range | Date Vacant | Number of Positions With Same Title | | | | | CSC Status and/or Funding Source | Int/ Ext Fill | Code |
|-------------|--------------------------------------------------------------------|--------------|----------------|----------------------------------------|------------------------------|-------------------------------|------------------------|---------------|----------------------------------------|---------------------|------|
| | | | | Authorized | Filled excl. this pos. | Recomm. Authori- zation | Vac. Prev. Appr. | Other Vac. | | | |
| 110272 | <u>HEALTH DEPARTMENT</u> Health Proj. Coord.-Childhood Wellness | 4 | 8/2/11 | 6 | 5 | 1 | 0 | 0 | WI Project Launch | Int | x-6 |
| 110273 | <u>PORT OF MILWAUKEE</u> Trade Development Representative | 5 | 6/11/11 | 1 | 0 | 1 | 0 | 0 | Port of Milwaukee | Int/Ext | x-6 |

BMA 30 SCHEDULE B - FUND TRANSFERS AND/OR EQUIPMENT REQUESTS

Finance and Personnel Meeting: July 20, 2011

| Department Account Name | Amount of Transfer | | Reason |
|---------------------------------------------------------------|--------------------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | From | To | |
| MUNICIPAL COURT Salaries & Wages Operating Expenditures | \$70,000 | \$70,000 | Two Court Clerk positions and one Legal office Assistant IV have been held vacant in 2011. The resulting vacancy savings will be used to hire temporary staff to substitute for full-time City staff. Two Court Clerk vacancies will be filled with temporary staff until full-time staff can be hired, which is expected in August. One Legal Office Assistant IV will be filled with temporary staff for all of 2011. |

SCHEDULE C - GENERAL MATTERS

1. Miscellaneous Matters



Legislation Details (With Text)

File #: 110337 **Version:** 0

Type: Communication **Status:** In Committee

File created: 7/6/2011 **In control:** FINANCE & PERSONNEL COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Communication from the Department of Employee Relations relating to classification studies scheduled for City Service Commission action.

Sponsors: THE CHAIR

Indexes: CITY SERVICE COMMISSION

Attachments: Letter from Dept of Employee Rel and Job Eval Reports-CSC Meeting July 12, 2011, Fiscal Note and Spreadsheet-CSC Meeting July 12, 2011, Hearing Notice List

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 7/6/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
110337
Version
ORIGINAL
Reference

Sponsor
THE CHAIR

Title
Communication from the Department of Employee Relations relating to classification studies scheduled for City Service Commission action.

Drafter
CC-CC
TB
6/29/11



July 13, 2011
Department of Employee Relations

Tom Barrett
Mayor

Maria Monteagudo
Director

Michael Brady
Employee Benefits Director

Troy M. Hamblin
Labor Negotiator

To the Honorable
The Committee on Finance and Personnel
Common Council
City of Milwaukee

Dear Committee Members:

Re: Common Council File Number 110337

The following classification and pay recommendations were approved by the City Service Commission on July 12, 2011.

In the Department of Administration - Information Technology Management Division,

One position of GIS Developer-Project Leader, Salary Grade 011 was retitled to Systems Analyst-Project Leader, Salary Grade 011.

One position of Systems Analyst - Sr, Salary Grade 008 was reclassified to Database Associate, Salary Grade 006.

One position of Systems Analyst - Sr, Salary Grade 008 was reclassified to Programmer II, Pay Range 556.

In Employees' Retirement System,

One position of ERS Deputy Director, Salary Grade 014 held by Martin Matson was recommended for reallocation to Salary Grade 015.

One position of ERS Financial Officer, Salary Grade 011 held by Melody Johnson was recommended for reclassification to ERS Chief Financial Officer, Salary Grade 012.

One position of Member Services Manager, Salary Grade 007 held by Mary Jane Stoffel was recommended for reclassification to Retirement Plan Manager, Salary Grade 010.

One position of Network Coordinator-Senior, SG 006 held by Marcus Collins was recommended for reclassification to Network Administrator, Salary Grade 008.

The job evaluation reports covering the above positions, including the necessary Salary and Positions Ordinance amendments, is attached.

Sincerely,

Maria Monteagudo
Employee Relations Director

MM:fcw

Attachments: 2 Job Evaluation Reports
1 Fiscal Note

C: Mark Nicolini, Renee Joos, James Carroll, Troy Hamblin, Nicole Fleck, Sharon Robinson, Nancy Olson, Gary Langhoff, Jerry Allen, Martin Matson, Melody Johnson, Mary Jane Stoffel, Marcus Collins, Richard Abelson, John English, Kenneth Wischer, Bill Mollenhauer, Daniel Panowitz, and Calvin Lee (DC 48).

JOB EVALUATION REPORT

City Service Commission Meeting Date: July 12, 2011

Department: Administration, Information Technology Management

| Present | Request | Recommendation |
|-------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|
| GIS Developer-Project Leader SG 11 (\$69,090 - \$96,722) | Systems Analyst-Project Leader SG 11 (\$69,090 - \$96,722) | Systems Analyst-Project Leader SG 11 (\$69,090 - \$96,722) |
| Systems Analyst-Sr. SG 08 (\$57,028 - \$79,836) | Database Associate SG 06 (\$50,206 - \$70,295) | Database Associate SG 06 (\$50,206 - \$70,295) |
| Systems Analyst-Sr. SG 08 (\$57,028 - \$79,836) | Programmer II PR 556 (\$48,133 - \$58,690) | Programmer II PR 556 (\$48,133 - \$58,690) |

Action Required

In the Salary Ordinance, under Salary Grade 06, add the title of "Database Associate".

In the Positions Ordinance, under Department of Administration-Information and Technology Management Division, Enterprise Databases, delete one position of "GIS Developer – Project Leader", and add one position of "Systems Analyst-Project Leader"; under Departmental Applications Support, delete two positions of "Systems Analyst-Sr" and add one position of "Database Associate" and one position of "Programmer II".

Background

On June 7, 2011, the Chief Information Officer in the Information Technology and Management Division, Nancy Olson, requested that three positions be repurposed to better meet the business needs of the division. As the result of a retirement in a Salary Grade 11 position which will become effective at the end of pay period 14, each of the affected positions will be vacant at the time these requested reclassifications becomes effective.

In reviewing this request, written documentation in the form of detailed job descriptions prepared by ITMD were reviewed and discussions were held with the business operations manager of the division. The proposed changes are discussed in the narrative that follows.

Current: GIS Developer-Project Leader, SG 11
Request: Systems Analyst-Project Leader, SG 11
Recommendation: Systems Analyst-Project Leader, SG 11

A GIS Developer-Project Leader, SG 11 will be transferred to the applications development area to work as a project leader in the applications development area with responsibility for planning directing, coordinating, the work and staff of seven systems analysts and programmers. Notable knowledge, skills, abilities, and competencies include: the ability to plan, coordinate, and implement complex projects; the ability to

supervise, coach, and train staff; the ability to accurately estimate resources, time, and costs required to complete projects; knowledge of application design and management systems; knowledge of advanced programming languages; knowledge of online transaction processing systems; knowledge of database design.

The minimum requirements for this job include five years of professional systems analysis experience in web, microcomputer, midrange and/or mainframe environments and demonstrated ability to lead project teams.

The nature of work performed and level and knowledge/skill and responsibility exercised is consistent with currently established project manager positions in ITMD. It is therefore recommended that this position be reclassified as requested, from GIS Developer-Project Leader, SG 11 to Systems Analyst-Project Leader, SG 11.

Current: Systems Analyst-Sr, SG 08 (Will be vacant)
Request: Database Associate, SG 06
Recommendation: Database Associate, SG 06

The Database Associate will provide support for ITMD's Oracle database servers, hardware, virtualized servers, operating systems, and database software; ensure that backup systems for operating systems and databases are performed and run to assure recoverability; ensure the data integrity of databases and high availability of production databases; and work with other City departments and IT staff to assist with their database needs.

Minimum requirements for the job include a bachelor's degree in computer science, management information systems or closely related area and two years of experience in database support, maintenance, and restoration. Experience in managing servers in a storage area network and virtual environment is desired.

ITMD's need for a database professional, as opposed to a systems analyst, reflects broader industry trends. As the Internet expands, along with e-commerce and e-government, organizations experience greater demands to store, organize, and analyze, and protect larger amounts of data. In addition, as more databases are connected to the Internet, data security becomes increasingly important.

The current classification series for nonrepresented Systems Analysts in ITMD is as follows:

| | |
|--------------------------------|-------|
| Systems Analyst | SG 06 |
| Systems Analyst Senior | SG 08 |
| Systems Analyst-Project Leader | SG 11 |

Systems Analysts begin employment in SG 06. After two years of successful job experience they are eligible for promotion to Systems Analyst-Sr. The Project Leader functions as a first-line supervisor and project leaders.

The department's request to establish this position at a level equivalent to a Systems Analyst, SG 06 appears reasonable in light of the fact that the level of work performed and knowledge/skills required is at approximately the same level as a Systems Analyst,


SG 06. It is therefore recommended that one level of Systems Analyst-Sr/ SG 08 be reclassified to Database Associate, SG 06.

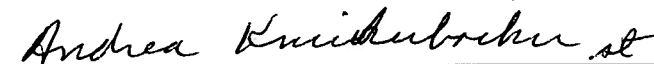
Current: Systems Analyst-Sr SG 08 (will be vacant)
Request: Programmer II, PR 556
Recommendation: Programmer II, PR 556

At the time that a position of Systems Analyst-Sr., SG 08 is vacated, the department would like to have the position reclassified to a Programmer II, PR 556 to better meet its business needs. This position will perform duties and responsibilities associated with a computer programmer such as creating, analyzing, modifying, testing, reviewing, documenting, and implementing computer programs and associate information technology objects.

Requirements for the job include a bachelor's degree in information technology, information systems, computer science or related field and two years of programming experience that includes knowledge of such languages as SCLA, Java, MS Visual Studio, XSL. JSON, MS Office, IIs, Rational Application Server, ECLIPSE, and Regular Expressions.

The nature of work performed and level of knowledge/skills required is consistent with the established job classification of Programmer II, PR 556. It is therefore recommended that a position of Systems Analyst, SG 08 be reclassified to Programmer II, PR 556.

Prepared by: 
Laura Sutherland, Human Resources Representative

Reviewed by: 
Andrea Knickerbocker, Human Resources Manager

Reviewed by: 
Maria Monteagudo, Employee Relations Director

JOB EVALUATION REPORT

City Service Commission Meeting: July 12, 2011
Department: Employees' Retirement System

| Summary | | | | |
|-----------------------------------|-----------------------------|-----------|-----------------|------------------|
| | | SG | Min | Max |
| ERS Deputy Director | | | | |
| Martin Matson | | 14 | \$83,653 | \$117,118 |
| Request | ERS Deputy Director | 18 | \$107,973 | \$151,159 |
| Recommendation | ERS Deputy Director | 15 | \$89,161 | \$124,823 |
| | | | | |
| ERS Financial Officer | | | | |
| Melody Johnson | | 11 | \$69,090 | \$96,722 |
| Request | ERS Chief Financial Officer | 15 | \$89,161 | \$124,823 |
| Recommendation | ERS Chief Financial Officer | 12 | \$73,627 | \$103,077 |
| | | | | |
| Member Services Manager | | | | |
| Mary Jane Stoffel | | 07 | \$53,519 | \$74,922 |
| Request | Plan Administration Officer | 14 | \$83,653 | \$117,118 |
| Recommendation | Retirement Plan Manager | 10 | \$64,805 | \$90,728 |
| | | | | |
| Network Coordinator-Senior | | | | |
| Marcus Collins | | 6 | \$50,206 | \$70,295 |
| Requested | Network Coordinator-Sr. | 12 | \$73,627 | \$103,077 |
| Recommendation | Network Administrator | 8 | \$57,028 | \$79,836 |

All rates effective January, 2008

Action Required

In the Salary Ordinance,

under Salary Grade 15, add the title "ERS Deputy Director";
under Salary Grade 14, delete the title "ERS Deputy Director";
under Salary Grade 12, add the title "ERS Chief Financial Officer" and footnote designation "3/" to read as follows: "3/ Recruitment may be at any rate in the salary grade with prior written approval by the Department of Employee Relations and the Chair of the Committee on Finance & Personnel";
under Salary Grade 11, delete the title "ERS Financial Officer";
under Salary Grade 10, add the title "Retirement Plan Manager" and footnote designation "4/" to read as follows: "4/ Recruitment may be at any rate in the salary grade with prior written approval by the Department of Employee Relations and the Chair of the Committee on Finance & Personnel";
under Salary Grade 07, delete the title "Member Services Manager".

In the Positions Ordinance,

under Employees' Retirement System, Fiscal Services, delete one position of "ERS Financial Officer (Y)" and add one position of "ERS Chief Financial Officer (Y)";
under Membership Services, delete one position of "Membership Services Manager (Y)" and add one position of "Retirement Plan Manager (Y)";
under Information Systems, delete one position of "Network Coordinator-Senior" and add one position of "Network Administrator".

Background

The Executive Director of the Employees Retirement System (ERS), Jerry Allen, requested that four positions be reviewed in light of a report submitted by McLagan and Associates regarding pay levels for 41 positions entitled *Competitive Compensation Analysis, Employees' Retirement System of the City of Milwaukee*, dated April 7, 2009.

In carrying out its analysis, McLagan collected and summarized comparative pay information for 41 ERS positions from the following organizations:

- 23 public funds located in the Midwest
- 66 national public funds that participate in its annual public fund survey, excluding the largest funds, meaning those with assets under management exceeding \$80 billion
- 73 private sector organizations in the Midwest.

Of these comparator groups, salary survey information from 23 public funds in the Midwest provides the most relevant comparisons for positions in the ERS. Data from the McLagan report showed that all investment related positions and virtually all higher level management positions in the ERS were compensated between the 30th and 39th percentile of the comparable positions in Midwestern public funds. In response to this situation, the Department of Employee Relations recommended adjustments in salary grades for the Chief Information Technology Officer, Chief Investment Officer, and two Investment Analysts. These recommendations were approved by your Commission in 2010.

This report addresses the following four positions that have not been previously studied:

- ERS Deputy Director SG 14
- ERS Financial Officer SG 11
- Member Services Manager SG 07
- Network Coordinator-Senior SG 06

In studying this request, written documentation in the form of revised job descriptions for each position were reviewed, interviews were conducted with each affected employee, and discussions were held with the ERS Deputy Director and ERS Executive Director.

The Employees' Retirement System

The mission of the Employees' Retirement System (ERS) is to faithfully administer a multi-employer retirement plan, in all its variations, as set forth the City Charter; provide services to active employees, retirees, beneficiaries; maintain all required member records and demographic information; administer health plans for retirees; administer the City's group life insurance program; and invest and manage the funds of the Trust, currently \$4.4 billion, in a

prudent and vigilant manner. The Employees' Retirement System has 11,000 active members and 15,000 retirees. Each month the ERS issues \$23 million in retirement benefits to 15,000 retirees and beneficiaries.

The following employers participate in the Employees' Retirement System:

- All departments and offices of the City of Milwaukee
- Milwaukee Metropolitan Sewerage District
- Veolia Environmental Services Solid Waste, North America
- Milwaukee Area Technical College
- Wisconsin Center
- Housing Authority of the City of Milwaukee
- Redevelopment Authority of the City of Milwaukee
- Milwaukee Public Schools

The ERS administers the following benefits programs for sworn employees in the Fire Department; sworn employees in the Police Department, general City employees, and elected officials:

- Service retirement
- Disability retirement
- Separation benefits
- Death benefits
- Survivorship options
- Group life insurance
- Retiree health and dental insurance

In addition, the ERS oversees the City's contributions to Social Security and Medicare.

ERS Deputy Director, SG 14

Martin Matson

Request: ERS Deputy Director, SG 18

Recommendation: ERS Deputy Director, SG 15

This position functions as the operations director for the department. As defined by the ERS, key responsibilities of the operations director include: providing leadership to the managers and staff of Fiscal Services, Member Services and Information Technology; developing a strategic vision, and the policies and operating plans required to implement the plan; monitoring and evaluating the department's programs, operations, and services; directly managing all contracts for services; and investigating numerous issues related to the administration of retirement benefits. As expected, the position's responsibility for establishing and maintaining business relationships inside and outside of City government is a key competency.

A prominent feature of this position is the development and implementation of annual goals and objectives for each division in concert with the management team as part of the department's strategic plan. The Deputy Director monitors goals and objectives, makes modifications as necessary, and submits required progress reports to the Board. In addition, this position continuously evaluates business processes, sometimes with the assistance of outside consultants, to increase the effectiveness of operations and services. The Deputy, for example, served as the lead manager for the installation of the department's information technology

system, called MERITS. This was a major multi-phase project spanning four years affecting virtually all work processes throughout the ERS.

Another prominent part of this job is directly managing many contracts for services including actuarial services, financial auditing, internal auditing, group life insurance, facilities rental, facilities maintenance, office equipment maintenance, banking, and five separate service contracts for information technology work. The Deputy Director to negotiate contracts, establishes deliverables and performance standards, monitors services and work in process; controls costs; and maintains effective business partnerships with all service providers. Other major areas of responsibility of the job include coordinating issues involving litigation and legal advice; and overseeing all policies and procedures for the Department, including those pertaining to human resources. It should also be noted that the Deputy Director is a fiduciary of the Employees' Retirement System and also serves as the Executive Director in his absence.

The qualifications for this position include a bachelor's degree in business, public administration or related area and ten years of experience in the financial services sector that includes compliance in a public pension fund environment. A number of years of this experience should include leading, managing, and supervising staff and processes. These qualifications have not been verified for purposes of staffing.

A well qualified candidate for this job would be expected to have a thorough knowledge of public employee retirement systems and benefit programs, including federal regulatory and tax requirements. The capacity to work effectively with all levels of personnel in the governmental and private sectors, including active and retired employees and their representatives, is imperative. It is also critical that the Deputy Director have the capacity to evaluate and implement internal operating standards and procedures to comply with regulations and improve the efficiency and effectiveness of operations.

The request on the part of the ERS to review the pay level of the Deputy Director is based upon salary survey information reported by McLagan in April of 2009. As shown in the following table, the ERS Deputy Director was and is compensated approximately 20% less than the 50th percentile (P50) of salaries for comparable positions in all public funds.

Salary Survey Information for ERS Deputy Director

| Current Effective January, 2008 | | | | | Survey Data McLagan April, 2008 | | | |
|------------------------------------|-------------------|----|----------|-----------|------------------------------------|-----------|------------|---------------------------------------------------------------------------------------------|
| Title | Current Annual | SG | Min | Max | P25 | P50 | P75 | |
| ERS Deputy Director | \$106,828 | 14 | \$83,653 | \$117,118 | No Data | \$131,900 | No data | Data is for all public funds; No data available for subset of Midwestern funds. |

There are, however, some questions about this data. Firstly, it is derived from salaries paid to comparable positions at all public funds, not a subset Midwestern public funds. It is assumed that data from Midwestern funds was not reported because not enough comparable positions existed in Midwestern public funds to provide valid data. As shown elsewhere in McLagan's data, public funds outside of the Midwest pay higher salaries than those located in the Midwest. In many cases these higher salaries are paid by very large retirement systems having significantly greater assets under their control than the ERS. The median of this data (P50) is consequently skewed toward larger pension systems paying higher salaries. Secondly, no data was reported for the 25th or 75th percentiles. This is problematic because good salary survey data should contain a full range of data, from the 20th or 25th percentile through the 75th

or 90th percentile of reported salaries. An absence of data suggests that the number of comparable positions may be too small to provide valid data.

An assessment of this position must, however, also consider the complexity of ERS's operations, since the Deputy Director functions as the department's operations manager. The business rules determining retirement benefits are extraordinarily complex, governed by Chapter 36 of the City Charter, labor contracts for 19 different bargaining spanning 40+ years, and more than 1,800 legal opinions. According to the consultant who performed an organizational review of the ERS in 2009, this extraordinary level of complexity is more akin to that found in much larger retirement systems. Such as the Tennessee Consolidated Retirement System which manages separate plans for 500 employers. and the ERS may in fact "be one of the most complex public pension agencies in the United States." (*Organizational Review, Final Report*, L.R. Wechsler, May 14, 2009, p.50)

Another aspect of the job that merits additional consideration is the responsibility and skill associated with developing and maintaining business relationships with a variety of individuals inside and outside of City government, including members of the Annuity and Pension Board, elected officials, participating employers, financial institutions, legal counsel, employees, retirees, many contractors and vendors, and others in matter of significance. This competency is critical administering contracts and coordinating matters involving litigation.

The most relevant comparisons to the Deputy Director may be found in other top management positions in City government having significant responsibility for financial operations, such as those found in the Comptroller's Office and Office of the City Treasurer. The comparative salary grade relationships for the City Comptroller/Deputy and City Treasurer/Deputy are shown below:

**Salary Grade Relationships
Comptroller/Deputy and City Treasurer/Deputy**

| | | | |
|--------------------|-------|------------------|-------|
| Comptroller | SG 17 | City Treasurer | SG 17 |
| Deputy Comptroller | SG 15 | Deputy Treasurer | SG 15 |

Although salary survey data regarding the ERS Deputy Director may or may not be valid, the complexity of operations for which this position is responsible and responsibility for business relationships indicates that the pay level should be raised to Salary Grade 15, equivalent to the Deputy Comptroller and Deputy City Treasurer, both of which are allocated to Salary grade 15.

It is therefore recommended that the ERS Deputy Director, SG 14, be reclassified to ERS Deputy Director, SG 15.

ERS Financial Officer, SG 11

Melody Johnson

Request: ERS Chief Financial Officer, SG 15

Recommendation: ERS Chief Financial Officer, SG 12

The ERS Financial Officer manages the operations of the accounting and finance sections of the department. Key responsibilities include developing and managing an annual budget (\$28 million proposed for in 2011) and overseeing all the accounting functions, record keeping, benefit calculations; and reporting requirements of a multi-employer retirement plan with assets of \$4.4 billion and 26,000 active and retired members.

This Officer provides leadership and managerial direction for a staff of eleven in the following areas: general accounting; reporting; benefit calculations; monthly payments to retirees; the collection and reconciliation of employer contributions from participating agencies; detailed account management required to reimburse the City for most administrative costs; and budget development and management. The Financial Officer ensures that the ERS adheres to generally accepted accounting principles; establishes work standards and procedures trains, coaches, develops, and supervises employees; improves work processes; develops and prepares reports for other City department, to and for ERS management and the Annuity and Pension Board; controls costs; and monitors investment data. One key responsibility is approving all the financial transactions submitted by Northern Trust, the custodian of the retirement system's assets, and Wells Fargo, the retirement system's financial institution.

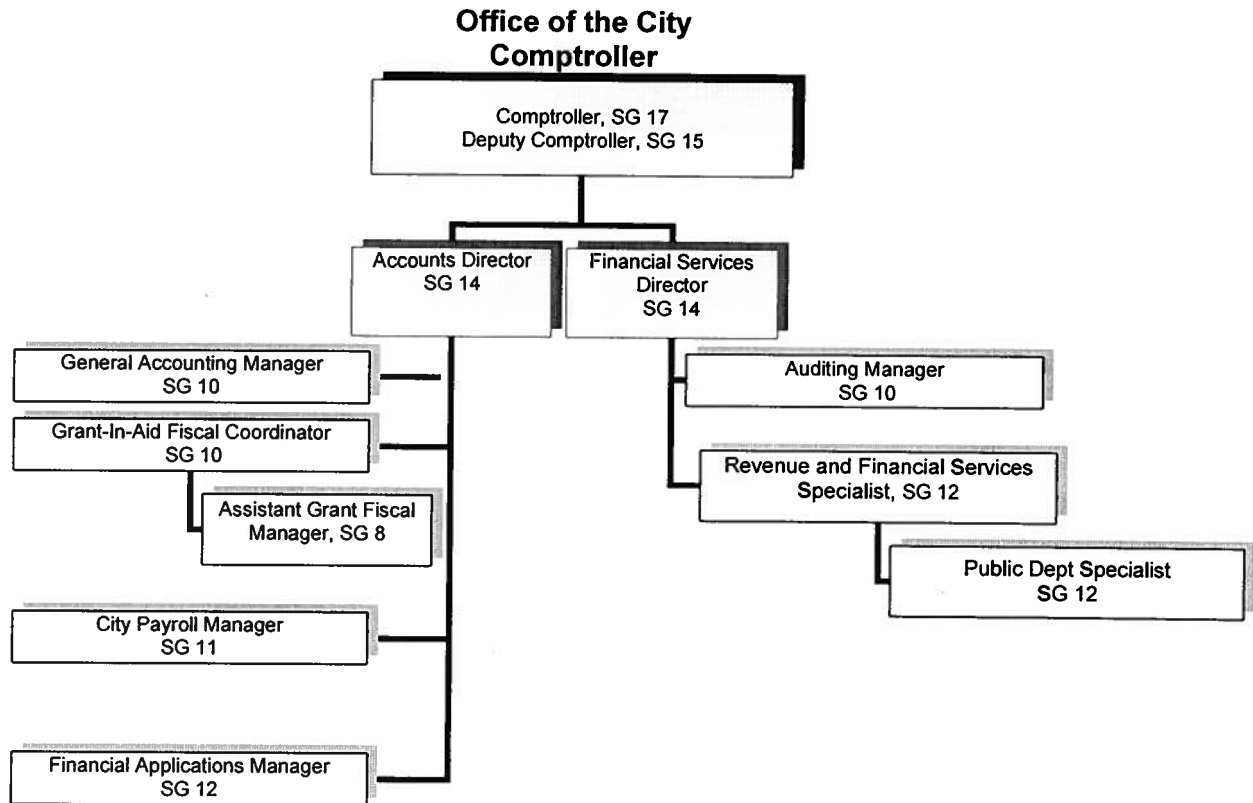
Noteworthy knowledge, skills, abilities, and attributes required for successful job performance include: a working knowledge of accepted accounting principles and processes, the ability to scrutinize financial data regarding investments; knowledge of public pension systems; an ability to establish and maintain effective business relationships with a variety of contacts inside and outside of City government; the ability to manage financial work processes; the ability to lead, supervise, train, coach, and motivate staff; and absolute integrity. The minimum requirements for this position typically includes a bachelor's degree in accounting or finance and five years of experience managing the financial operations of a public finance department in a public agency, two years of which include working in a leadership position. These requirements have not been validated for purposes of staffing.

Salary Survey Information for ERS Financial Officer

| Current Effective January, 2008 | | | | | Survey Data McLagan April, 2008 | | | |
|------------------------------------|-------------------|----|----------|----------|------------------------------------|-----------|-----------|-------------------------------------|
| Title | Current Annual | SG | Min | Max | P25 | P50 | P75 | |
| ERS Chief Financial Officer | \$73,910 | 11 | \$69,090 | \$96,722 | \$90,300 | \$109,200 | \$130,500 | Midwestern public funds, 2008 |

Salary survey information for this position, as reported by McLagan, was obtained from 23 public funds located in the Midwest. This provides a very sound basis for comparing positions in the ERS with the relevant labor market. comparison. In 2008, the 50th percentile (P50) of salaries for chief financial officers was \$109,200. The current maximum rate of pay that the ERS Financial Officer can obtain is 11.4% less than the mean (50th percentile) of all reported salaries for this job. Furthermore, the actual salary of the manager performing the job is 32% less than the 50th percentile. This data indicates that both the salary grade and the manager's current rate of pay are not competitive with the labor market, in this case defined as Midwestern public funds.

In determining an appropriate pay level, however, salary data is one part of the equation. It is also necessary to consider the position from an internal point of view, which means consideration of the City's job classification structure and a comparison with the level of responsibility exercised and knowledge/skill associated with other high-level management positions involved with financial and accounting operations. To that end, positions in the Comptroller's may be used as a basis of comparison, in addition to the position of Investments and Financial Services Manager, SG 12, in the City Treasurer's Office. Below is a high-level organization chart of the Comptroller's Office.



The Comptroller's Office exercises fiscal control over the activities of approximately 40 City departments and agencies. Key responsibilities include establishing accounting policies and procedures for all City departments; preparing the City's Comprehensive Annual Financial Report and State of Wisconsin Report which helps determine state shared revenues; managing a public debt program of \$750+ million; preparing operational, financial and legal compliance audits of City department operations; administering fiscal control of the City's Community Development Block Grant program and all federal and state grants to Milwaukee; preparing the City's single audit report; administering payroll for 7,600 employees; and preparing independent financial analyses of proposed development projects and independent estimates of City revenues for the annual City budget

The Accounts Director, SG 14, oversees accounting operations, the fiscal management of grants-in-aid, the City payroll, and information technology systems related to human resources and financial information. The Financial Services Director, SG 14, is in charge of auditing, public debt management and financing, and deferred compensation. Subordinate managers have responsibility for specific areas such as auditing, the fiscal management of grants-in-aid, and management of public debt are. These "division managers" are allocated to Salary Grades 10, 11, and 12.

The Investments and Financial Services Manager, SG 12, in the City Treasurer's Office may also be used as a basis of comparison. Key responsibilities for that position include management of all cash and funds in the custody of the City Treasurer; development of

investment strategies; investment of funds on a daily basis; management of banking relationships; oversight of payroll functions related to employee judgments; and oversight of the general fund accounting fund which has an annual dollar volume exceeding \$14 billion; administration of the police pension fund; establishment and maintenance of standard operating procedures; and supervision of a staff of five. In 2009 the investments made by this Manager yielded \$1.1 million.

Requirements for the Investment and Financial Services Manager in the Treasurer's Office include a degree in accounting or finance and five years of management experience in the financial services sector, a number of years of which included portfolio management and the leadership of staff and operations. Well qualified applicants for this job would be expected to possess a C.P.A. or C.C.M designation. These requirements have not been validated for purposes of staffing.

Considering the responsibility exercised by each "division manager" in the Comptroller's Office allocated to Salary Grades 10, 11, and 12, and the fact that the Investments and Financial Services Manager in the City Treasurer's Office, is allocated to Salary Grade 12, it does not appear that a good case can be made to adjust the salary grade of the ERS Financial Officer beyond Salary Grade 12. The data from McLagan, however, though, shows the inadequacy of the salary grade for this position.

Due to the fact that salary survey data indicates the position is undercompensated *vis a vis* its peers, we are recommending a two-part approach to this issue: 1. Reclassify this position from Salary Grade 12 with the new title of ERS Chief Financial Officer and 2. Allow appointment to the ERS Chief Financial Officer, SG 12, at any rate in the range, contingent upon prior written approval from the Chairman of the Committee on Finance and Personnel and the Employee Relations Director. Two other managers in the ERS, that of Chief Investment Officer and ERS Chief Information Officer, have the same degree of flexibility that is recommended here.

Member Services Manager, SG 07

Mary Jane Stoffel

Request: Plan Administration Officer, SG 14

Recommendation: ERS Plan Administration Officer, SG 10

The Member Services Manager leads and directs a staff of 15 employees who provide direct customer service to active employees, retirees, and beneficiaries regarding regular retirements for sworn Fire Department and Police Department employees; regular retirement for general City employees; applications for duty disability retirement; applications for "regular" disability retirement; continuation of dental insurance through COBRA; and health and dental plans for retirees retirement benefits.

During 2010, the staff in the membership services division conducted 4,700 retirement counseling sessions; implemented 4,140 changes in health plans for retirees during open enrollment, administered life insurance benefits for 188 beneficiaries, enrolled 457 new employees into the system, and processed 803 retirements. The Membership Benefits Manager is personally involved in the most difficult or sensitive retirement counseling sessions which may arise from position eliminations or the onset of disability.

Oversight of ERS's communications program is another important component of this job. This involves overseeing the creation and distribution of all communications to members and retirees, including website content, and planning and carrying out group pre-retirement sessions. The position is also responsible the maintenance of all demographic information for members and beneficiaries, something critical for benefits administration and the production of

the annual actuarial review of the plan. In conjunction with communications, this manager oversees the document imaging area where technicians scan all documents received by the ERS and classify them into categories for easy retrieval. This scanning operation is an integral part of the department's automated work flow process.

Due to the complexity of benefits administered and changes in rules regarding pensions, the ongoing training, coaching, and supervising employees is a critical component of the job. The Member Services Manager models excellent customer service, establishes job performance standards, provides technical training to employees, and coaches employees in the behaviors involved in customer service; and creates written materials for employees to use in performing their work.

As a member of the management team, the Member Services Manager participates in the establishment of departmental goals and objectives, creates work procedures and guidelines used in her area and department-wide, represents the department in litigation; and participates in department-wide projects. The Member Services Manager, for example, played a significant role in the installation of the MERITS system from 2002 to 2006.

Noteworthy knowledge, skills, abilities, and attributes required for successful job performance include: an in-depth knowledge of retirement plan administration in the public sector, including disability retirement; health plan administration; and group life insurance administration; understanding of how benefit plans interact and affect individuals' benefits; ability to research and analyze difficult benefits problems and provide sound answers based upon applicable rules and regulations; excellent oral and written communication skills; ability to solve difficult customer service problems; ability to understand, analyze, and improve work processes; ability to learn and apply knowledge to multiple plan design features; ability to demonstrate empathy to individuals; ability to use databases and all standard office hardware and software at a high degree of proficiency; ability to establish and maintain effective business relationships with a variety of contacts inside and outside of City government.

The minimum requirements for this position include a bachelor's degree in business, human resources management, or related area and five years of work experience in retirement plan administration, several years of which must have been in a leadership capacity. These requirements have not been validated for purposes of staffing. McLagan and Associates reported the following salary survey information for the Member Services Manager.

Salary Survey Data for Member Services Manager

| Current Effective January, 2008 | | | | | Survey Data McLagan April, 2008 | | | |
|--------------------------------------------|---------------------------|-----------|------------|------------|--------------------------------------------|------------|------------|-------------------------------------|
| Title | Current Annual | SG | Min | Max | P25 | P50 | P75 | |
| Member Services Manager | \$68,345 | 7 | \$53,519 | \$74,922 | \$87,700 | \$102,000 | \$132,200 | Midwestern public funds, 2008 |

The above salary survey data has been compiled from salaries paid to plan administrators in Midwestern public funds, which provides a very good basis of comparison. As may be seen, the current maximum of the pay range for the ERS's Member Services Manager does not reach the first quartile (P25) of salaries reported for comparable positions. Furthermore, the actual rate of pay for the Member Services Manager is \$33,655 (33%) less than the 50th percentile (P50) of salaries reported. This clearly shows that this position is not compensated at a level commensurate with the applicable labor market.

Due to the existence of such compelling salary survey data, and the lack of truly comparative positions in City government, we are recommending that this position be reclassified to a Retirement Plan Manager in Salary Grade 12. To address the issue of the manager's current actual rate of pay, we further recommend that appointment to the Retirement Plan Manager be at any rate in the range contingent upon prior written approval from the Chairman of the Committee on Finance and Personnel and the Employee Relations Director

Network Coordinator-Senior, SG 06

Marcus Collins

Request: Network Coordinator-Sr., SG 12

Recommendation: Network Administrator, SG 8

The primary purpose of this position is to design, maintain and administer computer networks and related computing environments including hardware, systems software, applications software, and all configurations for the Employees' Retirement System. The ERS's network consists of 40 servers located in three server rooms, one of which is in Madison, with a distributed network between sites. The U.S. Department of Labor defines this type of job as a Network and Computer Systems Administrator or Computer Network Architect in its standard occupational classification scheme.

Reporting to the Chief Information Officer, SG 16, this position researches, prices, and purchases all the hardware, network devices, services, and equipment required to maintain both the physical network and desktop computers. The Coordinator has established a rolling replacement plan for all servers, switches, printers, plotters, workstations, and software in the ERS. Prior to purchase, all purchase orders are approved by the Deputy Director. There are two contracted database administrators in the work area, one of whom provides backup for the Network Coordinator in his absence.

In carrying out duties and responsibilities, this position works with a number of contractors and vendors who provide services. The Department of Public Works, for example, provides the cabling required for network changes. When major changes are required, such as a change in configuration, this position selects a contractor to perform the work so that it may be completed more quickly and efficiently. As with all information technology jobs, this position troubleshoots problems involving hardware, software, and network issues, replacing defective components when necessary. The Coordinator is currently involved in a major project that involves virtualizing the department's servers.

One of the most critical responsibilities of the job is to plan, coordinate and implement network security measures to protect data, software, and hardware. A related responsibility is monitoring network performance to determine whether adjustments need to be made, and determining where changes will need to be made in the future. Finally, in what might be considered a "left over" responsibility from when the department's computing environment was significantly smaller in scale, this position administers a Microsoft Exchange mail server.

Notable knowledge, skills, abilities, and attributes required to successfully perform this job include: knowledge of information technology security methods; knowledge of disaster planning and recovery methods; knowledge of general computer architecture, including database management and memory allocation; knowledge of hardware platforms; knowledge of communications protocols, Intranet/Internet, and databases; ability to troubleshoot local area

networks and personal computers; ability to understand technical document protocols, including manuals, schematics, procedures, and specifications; general familiarity with communications protocols, telecommunications, and information processing environments; ability to coordinate and facilitate the work of others; knowledge of backup and recovery methods, wiring capacities and limitations, web technologies.

The minimum requirements for the job include a bachelor's degree in computer science, management information systems or closely related field and five years of work experience in network administration and project management, and certification as a Microsoft Systems Engineer. These requirements have not been validated for staffing purposes.

As with the other positions included in this report, the basis for the request to study the position was the salary survey data reported by McLagan which is shown in the following table.

Salary Survey Data for Network Coordinator-Sr.

| Current Effective January, 2008 | | | | | Survey Data McLagan - April, 2008 | | | |
|------------------------------------|-------------------|----|----------|----------|--------------------------------------|----------|----------|------------------------|
| Title | Current Annual | SG | Min | Max | P25 | P50 | P75 | |
| Network Coordinator-Sr. | \$70,295 | 6 | \$50,206 | \$70,295 | \$74,500 | \$98,000 | \$99,900 | Midwestern funds; 2008 |

The data shows that the maximum for the salary grade of the Network Coordinator-Sr does not reach the 25th percentile and is in fact is 28% (\$27,705) below the 50th percentile. This data indicates that this position is not compensated in a competitive manner.

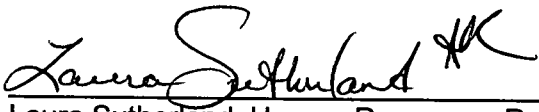
In order to properly assess this position, though, other similar positions in City government must also be considered. The Department of Public Works has a number of employees who design and maintain the hardware, servers, circuits, switches, and routers in the physical/electronic network used by all City departments. The jobs in this occupational group are as follows:

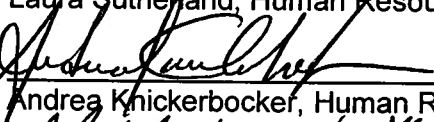
Telecommunications Analyst Series 2008 Rates

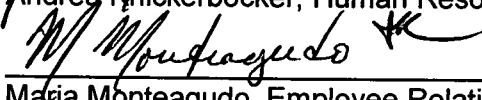
| Title | SG | Minimum | Maximum |
|-------------------------------------------|----|----------|----------|
| Telecommunications Analyst-Assistant | 04 | \$44,194 | \$61,871 |
| Telecommunications Analyst-Associate | 06 | \$50,206 | \$70,295 |
| Telecommunications Analyst-Senior | 08 | \$57,028 | \$79,836 |
| Telecommunications Analyst-Project Leader | 11 | \$69,090 | \$96,722 |

In this schematic, the job classification in Salary Grade 08 represents the most highly skilled, knowledgeable, and experienced Telecommunications Analyst not responsible for supervising the work of others.

It appears, then that the Network Coordinator would be most appropriately placed in Salary Grade 08. For that reason, it is recommended that one position of Network Coordinator-Sr. be reclassified to Network Administrator, SG 08.

Prepared By: Laura Sutherland 
Laura Sutherland, Human Resources Representative

Reviewed By: Andrea Knickerbocker 
Andrea Knickerbocker, Human Resources Manager

Reviewed By: M. Monteagudo 
Maria Monteagudo, Employee Relations Director



City of Milwaukee Fiscal Impact Statement

A

Date July 16, 2011 **File Number** 110337
Subject Classification and pay recommendations approved by the City Service Commission on July 12, 2011.

B

Submitted By Sarah Trotter, Human Resources Representative
(Name/Title/Dept./Ext.) Department of Employee Relations/2398

C

- This File**
- ☒ Increases or decreases previously authorized expenditures.
 - ☐ Suspends expenditure authority.
 - ☐ Increases or decreases city services.
 - ☐ Authorizes a department to administer a program affecting the city's fiscal liability.
 - ☐ Increases or decreases revenue.
 - ☒ Requests an amendment to the salary or positions ordinance.
 - ☐ Authorizes borrowing and related debt service.
 - ☐ Authorizes contingent borrowing (authority only).
 - ☐ Authorizes the expenditure of funds not authorized in adopted City Budget.

D

- This Note** ☐ Was requested by committee chair.

E

- Charge To**
- | | |
|--------------------------------------------------------|---------------------------------------------------|
| <input checked="" type="checkbox"/> Department Account | <input type="checkbox"/> Contingent Fund |
| <input type="checkbox"/> Capital Projects Fund | <input type="checkbox"/> Special Purpose Accounts |
| <input type="checkbox"/> Debt Service | <input type="checkbox"/> Grant & Aid Accounts |
| <input type="checkbox"/> Other (Specify) _____ | |

Department of Employee Relations
Fiscal Note Spreadsheet

Finance & Personnel Committee Meeting of July 20, 2011
City Service Commission Meeting of July 12, 2011

NEW COST FOR 2011

| No. Pos. | Dept | From | PR/SG | To | PR/SG | Present Annual | New Annual | New Cost | Rollup | Total Rollup+ Sal |
|-------------|------------------------------|------------------------------|-------|--------------------------------|-------|-------------------|---------------|-----------------------|--------|----------------------|
| 1 | Employee's Retirement System | ERS Deputy Director | 14 | ERS Deputy Director | 15 | \$106,828 | \$114,306 | \$2,589 | \$440 | \$3,029 |
| 1 | Employee's Retirement System | ERS Financial Officer | 11 | ERS Chief Financial Officer | 12 | \$73,810 | \$77,500 | \$1,277 | \$217 | \$1,494 |
| 1 | Employee's Retirement System | Member Services Manager | 7 | Retirement Plan Manager | 10 | \$68,345 | \$71,762 | \$1,183 | \$201 | \$1,384 |
| 1 | Employee's Retirement System | Network Coordinator - Senior | 6 | Network Administrator | 8 | \$70,295 | \$72,404 | \$730 | \$124 | \$854 |
| 1 | Administration - ITMD | GIS Developer-Project Leader | 11 | Systems Analyst-Project Leader | 11 | N/A | N/A | N/A Title Change Only | | |
| 5 | | | | | | | | \$5,779 | \$982 | \$6,761 |

NEW SAVINGS FOR 2011

| No. Pos. | Dept | From | PR/SG | To | PR/SG | Present Annual | New Annual | New Cost | Rollup | Total Rollup+ Sal |
|-------------|-----------------------|-------------------------|-------|--------------------|-------|-------------------|---------------|----------|---------|----------------------|
| 1 | Administration - ITMD | Systems Analyst-Senior | 8 | Database Associate | 6 | \$57,028 | \$50,206 | \$2,361 | \$401 | \$2,763 |
| 1 | Administration - ITMD | Systems Analyst-Senior* | 8 | Programmer II* | 556 | \$68,432 | \$53,412 | \$5,199 | \$1,063 | \$6,262 |
| 2 | | | | | | | | \$7,561 | \$1,465 | \$9,025 |

*To better estimate the change in salary the midpoint of the salary ranges were used for this position.
Assume Costs and Savings are effective Pay Period 18 (August 21, 2011)

NEW COST FOR FULL YEAR

| No. Pos. | Dept | From | PR/SG | To | PR/SG | Present Annual | New Annual | New Cost | Rollup | Total Rollup+ Sal |
|-------------|------------------------------|------------------------------|-------|--------------------------------|-------|-------------------|---------------|-----------------------|---------|----------------------|
| 1 | Employee's Retirement System | ERS Deputy Director | 14 | ERS Deputy Director | 15 | \$106,828 | \$114,306 | \$7,478 | \$1,271 | \$8,749 |
| 1 | Employee's Retirement System | ERS Financial Officer | 11 | ERS Chief Financial Officer | 12 | \$73,810 | \$77,500 | \$3,690 | \$627 | \$4,317 |
| 1 | Employee's Retirement System | Member Services Manager | 7 | Retirement Plan Manager | 10 | \$68,345 | \$71,762 | \$3,417 | \$581 | \$3,998 |
| 1 | Employee's Retirement System | Network Coordinator - Senior | 6 | Network Administrator | 8 | \$70,295 | \$72,404 | \$2,109 | \$359 | \$2,468 |
| 1 | Administration - ITMD | GIS Developer-Project Leader | 11 | Systems Analyst-Project Leader | 11 | N/A | N/A | N/A Title Change Only | | |
| 5 | | | | | | | | \$16,694 | \$2,838 | \$19,532 |

NEW SAVINGS FOR FULL YEAR

| No. Pos. | Dept | From | PR/SG | To | PR/SG | Present Annual | New Annual | New Cost | Rollup | Total Rollup+ Sal |
|-------------|-----------------------|-------------------------|-------|--------------------|-------|-------------------|---------------|----------|---------|----------------------|
| 1 | Administration - ITMD | Systems Analyst-Senior | 8 | Database Associate | 6 | \$57,028 | \$50,206 | \$6,822 | \$1,160 | \$7,982 |
| 1 | Administration - ITMD | Systems Analyst-Senior* | 8 | Programmer II* | 556 | \$68,432 | \$53,412 | \$15,020 | \$3,072 | \$18,092 |
| 2 | | | | | | | | \$21,842 | \$4,231 | \$26,073 |

Totals may not be to the exact dollar due to rounding.



Legislation Details (With Text)

File #: 110417 **Version:** 1
Type: Ordinance **Status:** In Committee
File created: 7/6/2011 **In control:** FINANCE & PERSONNEL COMMITTEE
On agenda: **Final action:**
Effective date:

Title: A substitute ordinance relating to the participation of represented/nonsworn employees in the direct deposit program.
Sponsors: THE CHAIR
Indexes: EMPLOYES BENEFITS ADMINISTRATION
Attachments: Hearing Notice List

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 7/6/2011 | 0 | CITY CLERK | REFERRED TO | | |
| 7/18/2011 | 1 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
110417
Version
SUBSTITUTE 1
Reference

Sponsor
THE CHAIR
Title

A substitute ordinance relating to the participation of represented/nonsworn employees in the direct deposit program.

Sections
350-204 am

Analysis

This ordinance establishes that represented/nonsworn employees of the city who are capable of maintaining a financial relationship with a banking institution shall participate in the direct deposit of city pay checks.

Body

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. Section 350-204 of the code is amended to read:

350-204. Direct Deposit for Certain City Employees. Those management ~~[[and]]~~ >> << nonmanagement/nonrepresented >> and represented/nonsworn << employees who are capable of maintaining a financial relationship with a banking institution shall participate in the direct deposit of city pay checks.

LRB
APPROVED AS TO FORM

Legislative Reference Bureau

Date: _____

Attorney

IT IS OUR OPINION THAT THE ORDINANCE
IS LEGAL AND ENFORCEABLE

Office of the City Attorney

Date: _____

Requestor

Drafter

Mary E. Turk

7/15/11

LRB131353-1



Legislation Details (With Text)

File #: 110410 **Version:** 0
Type: Communication to Finance **Status:** In Committee
File created: 7/6/2011 **In control:** FINANCE & PERSONNEL COMMITTEE
On agenda: **Final action:**

Effective date:

Title: Communication from the Department of Neighborhood Services relative to amending the 2011 Positions Ordinances.

Sponsors: THE CHAIR

Indexes: DEPARTMENT OF NEIGHBORHOOD SERVICES, POSITIONS ORDINANCE

Attachments: Communication from Department of Neighborhood Services, Hearing Notice List

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 7/6/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
110410
Version
ORIGINAL
Reference
110371
Sponsor
THE CHAIR
Title

Communication from the Department of Neighborhood Services relative to amending the 2011 Positions Ordinances.

Requestor

Drafter
CC-CC
tb
7/13/11



Department of Neighborhood Services
Inspectional services for health, safety and neighborhood improvement

July 13, 2011

Art Dahlberg
Commissioner

Thomas G. Mishefske
Operations Manager

To: Finance & Personnel Committee
From: Art Dahlberg, Commissioner 
RE: Position Ordinance changes related to 110371

This memo identifies several changes to the Positions Ordinance for the Department of Neighborhood Services (DNS) that accompanies CCFN 110371. CCFN 110371 is a Greater Than Anticipated Revenue file that will increase the salary appropriation for DNS. The intent of CCFN 110371 is for DNS to increase its staffing resources so that it has increased capacity to manage activities relating to foreclosed properties.

The first change is creating one Office Assistant IV position in the Administration Division. The second change is creating one Building Codes Enforcement Supervisor position in the Administration Division. The third change is creating two Special Enforcement Inspector positions in the Court Section. These three new positions are needed to effectuate the intent of CCFN 110371.

To make these changes, the Positions Ordinance should be amended as follows:

Under "Department of Neighborhood Services – Administration Division – Code Enforcement Section", add one position of "Building Codes Enforcement Supervisor (X)" and add one position of "Office Assistant IV".

Under "Department of Neighborhood Services – Court Section", add two positions of "Special Enforcement Inspector (X)".

If you have any questions, please contact me at 286-2543.

c. Tobie Black

NOTICES SENT TO FOR FILE 110410:

[illegible]



Legislation Details (With Text)

| | | | |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------------------|
| File #: | 110292 | Version: | 0 |
| Type: | Resolution | Status: | In Committee |
| File created: | 7/6/2011 | In control: | FINANCE & PERSONNEL COMMITTEE |
| On agenda: | | Final action: | |
| Effective date: | | | |
| Title: | Resolution authorizing the Milwaukee Police Department to apply for, accept, and fund an I-94 N-S Corridor Reconstruction grant agreement with the Wisconsin Department of Transportation. | | |
| Sponsors: | THE CHAIR | | |
| Indexes: | AGREEMENTS, EXPRESSWAY, POLICE DEPARTMENT, STATE GRANTS, WISCONSIN DEPARTMENT OF TRANSPORTATION | | |
| Attachments: | Grant Analysis Form, Grant Budget Form, Agreement, Hearing Notice List | | |

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|------------------------------------------|--------|-------|
| 7/6/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/11/2011 | 0 | PUBLIC SAFETY COMMITTEE | HEARING NOTICES SENT | | |
| 7/11/2011 | 0 | PUBLIC SAFETY COMMITTEE | HEARING NOTICES SENT | | |
| 7/14/2011 | 0 | PUBLIC SAFETY COMMITTEE | RECOMMENDED FOR ADOPTION AND ASSIGNED TO | Pass | 5:0 |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number:
110292
Version:
ORIGINAL
Reference:

Sponsor:
THE CHAIR

Title:
Resolution authorizing the Milwaukee Police Department to apply for, accept, and fund an I-94 N-S Corridor Reconstruction grant agreement with the Wisconsin Department of Transportation.

Analysis:
This resolution authorizes the Milwaukee Police Department to apply for, accept, and fund an I-94 N-S Corridor Reconstruction grant agreement with the Wisconsin Department of Transportation in the amount of \$100,000. The purpose of this project is to provide school crossing guard enhancement in order to ensure increased pedestrian safety during roadway reconstruction. This grant funds 10 School Crossing Guard positions.

Body:
Whereas, The City of Milwaukee appears to be eligible for grant funds from the Wisconsin Department of Transportation; and

Whereas, The City of Milwaukee may enter into a grant agreement with the Wisconsin Department of Transportation; and

Whereas, The operation of this grant from 01/01/11 to 12/31/12 would cost \$100,000 of which 100% would be provided by the grantor; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the Police Department shall accept this grant agreement without further approval unless the terms of the grant change as indicated in Section 304-81, Milwaukee Code of Ordinances; and, be it

Further Resolved, That the appropriate City officials are authorized to execute the grant agreement with the Wisconsin Department of Transportation, a copy of which is attached to this file; and, be it

Further Resolved, That the City Comptroller is authorized to:

1. Commit funds within the Project/Grant Parent of the 2008 Special Revenue Grant and Aid Projects fund, the following amount for the program titled: I-94 N-S Corridor Reconstruction:

| <u>Project/Grant</u> | <u>Fund</u> | <u>Org</u> | <u>Program</u> | <u>BY</u> | <u>Subclass</u> | <u>Account</u> |
|----------------------|-------------|------------|----------------|-----------|-----------------|----------------|
| GR0000800000 | 0150 | 9990 | 0001 | 0000 | R999 | 000600 |

| <u>Project</u> | <u>Amount</u> |
|----------------|---------------|
| Grantor Share | \$100,000 |

2. Create the necessary Grant and Aid Project/Grant and Project/Grant levels; budget against these Project/Grant values the amount required under the grant agreement;

3. Establish the necessary City Share Project Values; and, be it

Further Resolved, That these funds are budgeted for the Milwaukee Police Department which is authorized to:

1. Expend from the amount budgeted for specified purposes as indicated in the grant budget and incur costs consistent with the award date;

2. Transfer funds within the project budget as long as the amount expended for each specific purpose does not exceed the amount authorized by the budget by 10 percent; and, be it

Further Resolved, That the Common Council directs that the 2008 Positions Ordinance, C.C. File Number 070604 should be amended as follows:

POLICE DEPARTMENT
ADMINISTRATION SERVICES DECISION UNIT
SAFETY DIVISION

Add:

(10) School Crossing Guards (V)

And add Footnote (V) as follows:

Positions to expire 12/31/12 unless the I-94 N-S Corridor Reconstruction grant agreement with the Wisconsin Department of Transportation is extended.

Drafter:
Milwaukee Police Department
Vlj:klb
06/16/11

GRANT ANALYSIS FORM

OPERATING & CAPITAL GRANT PROJECTS/PROGRAMS

Department/Division: Milwaukee Police Department

Contact Person & Phone No: Vicki Johnson, 935-7125

Category of Request

☐ New Grant

☒ Grant Continuation

☐ Change in Previously Approved Grant

Previous Council File No. 081170

Previous Council File No.

Project/Program Title: I-94 N-S Freeway Project

Grantor Agency: Wisconsin Department of Transportation

Grant Application Date: N/A

Anticipated Award Date: Received

Please provide the following information:

1. Description of Grant Project/Program (Include Target Locations and Populations):

The purpose of this grant is to provide additional crossing guards at various agreed upon locations within the City to ensure increased pedestrian safety during roadway reconstruction.

2. Relationship to City-wide Strategic Goals and Departmental Objectives:

Public safety.

3. Need for Grant Funds and Impact on Other Departmental Operations (Applies only to Programs):

N/A

4. Results Measurement/Progress Report (Applies only to Programs):

N/A

5. Grant Period, Timetable and Program Phase-out Plan:

1/1/11 – 12/31/12

6. Provide a List of Subgrantees:

N/A

7. If Possible, Complete Grant Budget Form and Attach.

CITY OF MILWAUKEE OPERATING GRANT BUDGET

PROJECT/PROGRAM TITLE: I-94 N-S Freeway Project

PROJECT/PROGRAM YEAR 1/1/11 – 12/31/2012

CONTACT PERSON: Vicki Johnson, Accountant III

| NUMBER OF POSITIONS | | LINE DESCRIPTION | PAY RANGE NO. | GRANTOR SHARE | IN-KIND SHARE | CASH MATCH A/C # | TOTAL |
|---------------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------|------------------|---------------------|-----------|
| NEW | EXISTING | | | | | | |
| | 10 | PERSONNEL COSTS School Crossing Guards | 929 | 84,000 | | | 84,000 |
| | | TOTAL PERSONNEL COSTS | | 84,000 | | | 84,000 |
| | | | | | | | |
| | | | | | | | |
| | | SERVICES | | | | | |
| | | TOTAL SERVICES | | | | | |
| | | EQUIPMENT Uniforms and other related uniform equipment | | 9,000 | | | 9,000 |
| | | TOTAL EQUIPMENT | | 9,000 | | | 9,000 |
| | | ADMINISTRATIVE COSTS Attendance at weekly traffic meetings, Development of educational materials and Pedestrian curriculum and other administrative duties. | | 7,000 | | | 7,000 |
| | | TOTAL ADMINISTRATIVE COSTS | | 7,000 | | | 7,000 |
| | | TOTAL COSTS | | \$100,000 | | | \$100,000 |

AGREEMENT BETWEEN
THE WISCONSIN DEPARTMENT OF TRANSPORTATION
AND
THE CITY OF MILWAUKEE POLICE DEPARTMENT – COMMUNITY SERVICES
SAFETY UNIT

State Project I.D. 1030-20-99
CONTRACT NO. 19
2011-2012 Transportation Management Plan
I-94 N-S Freeway Project

This agreement is a formal partnership, made and entered into between the Wisconsin Department of Transportation (DEPARTMENT) and the City of Milwaukee Police Department - Community Services Safety Unit (CITY), to provide for services as described herein. The Wisconsin Department of Transportation and City of Milwaukee Police Department - Community Services Safety Unit are partnering during the I-94 N-S Freeway Project (PROJECT) to ensure increased pedestrian safety during roadway reconstruction.

The DEPARTMENT advises implementation of a comprehensive and cost effective transportation management plan that will help ensure the safety, accessibility and mobility for the traveling public in the PROJECT area. The PROJECT area is defined as interstates I-94, I-43 and I-894 from College Avenue on the south, Loomis Road on the west and Howard Avenue on the north. Included in the PROJECT area are local alternate route streets within two miles of the interstate roadways.

To mitigate traffic impacts caused by the PROJECT, the DEPARTMENT will provide \$100,000 to the CITY. In turn, the CITY will provide planning, coordination and staffing services (as outlined below) in an effort to maintain pedestrian safety in the PROJECT area and stay informed of PROJECT roadway closures and construction progress for a 2-year period commencing on January 1, 2011 and ending on December 31, 2012.

School Crossing Guard Enhancement

The CITY will provide additional School Crossing Guards at nine (9) key locations in the City of Milwaukee. The determination of placement of the School Crossing Guards is based upon:

- Pedestrian volume in school zones
- Traffic volumes at specific intersections
- Requests by citizens, MPD, WisDOT, or neighboring communities.

Schools likely to be impacted are listed below:

- Lowell Elementary School
- Salem Elementary School
- Victory Elementary School

- Ideal/Reagan School
- Cooper Elementary School

The DEPARTMENT and the CITY reserve the right to eliminate or add schools depending on the determinants mentioned above.

The estimated contract costs are outlined below:

Crossing Guard Salaries - \$84,000

Crossing guards for 2011 and 2012 at pedestrian crossings near schools listed above or at other DEPARTMENT approved locations

Equipment/Uniforms - \$9,000

Uniforms and equipment purchased and used by the crossing guards while fulfilling their guard duties

Meeting Attendance - \$7,000

Attendance at weekly traffic meetings and other administrative duties

Total: \$100,000

Basis of Payment

The CITY shall charge actual costs incurred and attributable to the work performed and described above under this agreement to the DEPARTMENT. The DEPARTMENT will provide to the CITY reimbursable funding for these functions in the amount of \$100,000. Total reimbursement to the CITY for traffic mitigation measures under this agreement will not exceed \$100,000. Billings shall be directed by the CITY to the attention of Chris Hager, Wisconsin Department of Transportation, Southeast Region, 141 NW Barstow Street, P.O. Box 798, Waukesha, WI 53187-0798 and will include a statement of expenses supported by a description of items and services provided and expended. The DEPARTMENT shall pay the bill promptly upon receipt thereof.

Notifications

Other correspondence and notifications required under this agreement shall be given as follows:

Notice to the City-PD:

Edward Flynn
Chief of Police
City of Milwaukee Police Department
749 W. State Street
Milwaukee, WI 53233

Lishunda Patterson
City of Milwaukee Police Department - Community Services
Safety Unit
6680 N. Teutonia Ave. - Room 151
Milwaukee, WI 53209
(414) 935-7994
lpatte@milwaukee.gov

Michael Robertson
City of Milwaukee Police Department - Community Services
Safety Unit
6630 N. Teutonia Ave. - Room 151
Milwaukee, WI 53209
(414) 935-7950
mjrobe@milwaukee.gov

Notice to the Department:

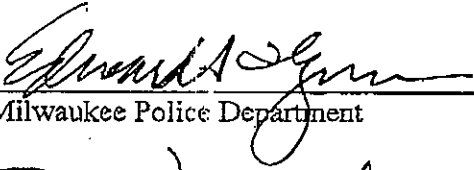
Brian Roper, PE
Project Development Supervisor
WisDOT-DTSD-SE Region
141 NW Barstow
Waukesha, WI 53187-0798
(262) 548-6450
brian.roper@dot.wi.gov

Chris Hager, PE
Work Zone Transportation Management Plan Lead
I-94 N-S Freeway Project
WisDOT SE Region - Southeast Freeways PDS
141 NW Barstow
Waukesha, WI 53187-0798
(414) 750-1487
christopher.hager@dot.wi.gov

Signatures

This agreement may only be amended by a written document signed by each of the parties hereto.

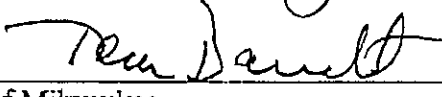
APPROVED


For the City of Milwaukee Police Department

23 DEC. 2010

Date

APPROVED


Mayor, City of Milwaukee

4/12/11

Date

APPROVED

For the Wisconsin Department of Transportation

Date

APPROVED

Governor, State of Wisconsin

Date



Legislation Details (With Text)

| | | | |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------------------|
| File #: | 110333 | Version: | 1 |
| Type: | Resolution | Status: | In Committee |
| File created: | 7/6/2011 | In control: | FINANCE & PERSONNEL COMMITTEE |
| On agenda: | | Final action: | |
| Effective date: | | | |
| Title: | Substitute resolution authorizing the acceptance and expenditure of contributions received by the Milwaukee Police Department from federally forfeited tangible property or cash for increased or enhanced law enforcement efforts. (Police Department) | | |
| Sponsors: | THE CHAIR | | |
| Indexes: | DONATIONS, POLICE DEPARTMENT | | |
| Attachments: | Fiscal Impact Statement, Fiscal Analysis, Asset Forfeiture Authority to Spend sheet, Hearing Notice List | | |

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|------------------------------------------|--------|-------|
| 7/6/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/11/2011 | 0 | PUBLIC SAFETY COMMITTEE | HEARING NOTICES SENT | | |
| 7/11/2011 | 0 | PUBLIC SAFETY COMMITTEE | HEARING NOTICES SENT | | |
| 7/14/2011 | 0 | PUBLIC SAFETY COMMITTEE | RECOMMENDED FOR ADOPTION AND ASSIGNED TO | Pass | 5:0 |
| 7/18/2011 | 1 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
110333
Version
SUBSTITUTE 1
Reference
100985
Sponsor
THE CHAIR

Title
Substitute resolution authorizing the acceptance and expenditure of contributions received by the Milwaukee Police Department from federally forfeited tangible property or cash for increased or enhanced law enforcement efforts. (Police Department)

Analysis
This resolution authorizes \$1,953,500 to fund items in accordance with the guidelines of the Asset Forfeiture Sharing Program.

Body
Whereas, The Federal government has established specific guidelines for expending funds received as a result of the Asset Forfeiture Sharing Program; and

Whereas, The Police Department currently has funds held in trust (Fund No. 0678) to increase or enhance law enforcement efforts in the City of Milwaukee; now therefore be it

Resolved, By the Common Council of the City of Milwaukee, that the City Comptroller is authorized to transfer up to \$1,953,500 from the Police Department's Federal Forfeiture Trust Fund (Account Number 0678-3311-R999-2011-662201), to the contribution/revenue account entitled Federal Forfeiture Contribution Revenue (Account Number 0001-3311-2010-985012); and, be it

Further Resolved, That upon transfer of these funds, the City Comptroller is authorized and directed to transfer \$1,953,500 from the Federal Forfeiture Revenue Contribution Account to the Police Department's budget as follows:

0001-3311-0001-D3XX-006300 \$532,000

0001-3311-0001-D3XX-006800 \$1,421,500

;and be it

Further Resolved, That all funds are to be expended to enhance law enforcement efforts in the City of Milwaukee in the following categories and corresponding amounts:

| CATEGORY | AMOUNT |
|---------------------------------------------|-------------|
| Administrative Fees | \$10,000 |
| Bicycle Patrol Replacement Equipment | \$10,000 |
| Canine Unit | \$5,000 |
| Cellular Phones | \$25,000 |
| Digital Radio Program Equipment | \$1,107,000 |
| District Station and PAB Improvements | \$374,000 |
| Information Technology Equipment & Services | \$181,500 |
| Tactical Equipment | \$110,000 |
| Training | \$116,000 |
| Training Equipment | \$15,000 |
| Total | \$1,953,500 |

;and, be it

Further Resolved, That the Milwaukee Police Department is hereby authorized to expend such funds and that a detailed reporting of the expenditure of the funds for these purposes will be required in the Police Department's annual report to the Common Council, due by February 1, in accordance with Common Council Resolution Number 920252, adopted June 16, 1992; and, be it

Further Resolved, That the balance in the 2008 Asset Forfeiture Special Purpose Accounts (0001-3311-0001-D359-006300 and 0001-3311-0001-D359-006800) be transferred to the Asset Forfeiture Trust Account (0678-375102) prior to the closing of 2011 as part of this resolution.

Requestor

Milwaukee Police Department

Drafter

JJL

7/12/2011



City of Milwaukee Fiscal Impact Statement

A

Date 7/12/2011 File Number 110333 ☐ Original ☒ Substitute
Subject Substitute Resolution Authorizing Expenditures from the Police Department's Asset Forfeiture Fund

B

Submitted By (Name/Title/Dept./Ext.) John J. Ledvnia, Police Finance and Planning Manager, MPD, 935-7495

C

- This File
- ☐ Increases or decreases previously authorized expenditures.
 - ☐ Suspends expenditure authority.
 - ☐ Increases or decreases city services.
 - ☐ Authorizes a department to administer a program affecting the city's fiscal liability.
 - ☐ Increases or decreases revenue.
 - ☐ Requests an amendment to the salary or positions ordinance.
 - ☐ Authorizes borrowing and related debt service.
 - ☐ Authorizes contingent borrowing (authority only).
 - ☒ Authorizes the expenditure of funds not authorized in adopted City Budget.

D

- Charge To
- | | |
|------------------------------------------------|--------------------------------------------------------------|
| <input type="checkbox"/> Department Account | <input type="checkbox"/> Contingent Fund |
| <input type="checkbox"/> Capital Projects Fund | <input checked="" type="checkbox"/> Special Purpose Accounts |
| <input type="checkbox"/> Debt Service | <input type="checkbox"/> Grant & Aid Accounts |
| <input type="checkbox"/> Other (Specify) _____ | |

E

| Purpose | Specify Type/Use | Expenditure | Revenue |
|--------------------|---------------------------|----------------|---------|
| Salaries/Wages | | \$0.00 | \$0.00 |
| | | \$0.00 | \$0.00 |
| Supplies/Materials | | \$0.00 | \$0.00 |
| | | \$0.00 | \$0.00 |
| Equipment | | \$0.00 | \$0.00 |
| | | \$0.00 | \$0.00 |
| Services | | \$0.00 | \$0.00 |
| | | \$0.00 | \$0.00 |
| Other | 2011 Asset Forfeiture SPA | \$1,953,500.00 | \$0.00 |
| | | \$0.00 | \$0.00 |
| TOTALS | | \$1,953,500.00 | \$ 0.00 |

F

Assumptions used in arriving at fiscal estimate. _____

G

For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately.

☐ 1-3 Years ☐ 3-5 Years

☐ 1-3 Years ☐ 3-5 Years

☐ 1-3 Years ☐ 3-5 Years

H

List any costs not included in Sections D and E above. _____

I

Additional information. _____

J

This Note ☐ Was requested by committee chair.

LRB – RESEARCH AND ANALYSIS SECTION

**PUBLIC SAFETY COMMITTEE
#110333**

JULY 14, 2011

ITEM 8, FILE

File Number 110333 is a resolution authorizing the Milwaukee Police Department to transfer \$1,953,500 from the Federal Forfeiture Trust Fund and to expend these monies on items listed in the resolution.

BACKGROUND

1. Federal Asset Forfeiture Funds come to the Police Department as a result of department participation in the seizure or forfeiture of tangible property or cash from successful drug trafficking investigations. Common Council File Number 920252 requires the Police Department to present an annual Asset Forfeiture Plan with spending priorities to the Common Council. The 2011 Asset Forfeiture Plan was provided in Communication File Number 100985.
2. Because forfeiture funds provide a significant level of “discretionary” spending power to the Police Department, a separate resolution is required for the release of these monies, which are held in a trust fund. Once allocated, the Police Department can use funds for any approved purpose for a period of up to 3 years, after which unspent funds revert to the Federal Forfeiture Trust Fund and become eligible for re-allocation.

DISCUSSION

1. The resolution in File Number 110333 includes several significant changes to the 2011 Asset Forfeiture Plan reflected in the table below. These include an increase of \$307,000 in planned expenditures for digital radio communications equipment and 2 new planned expenditures:
 - \$374,000 for District Station and Police Administration Building improvements.
 - \$15,000 for training equipment.
2. The current Asset Forfeiture account balance is \$1,962,000 with additional wire transfer deposits in the Federally Forfeited Property Fund 0678 anticipated in the near future.
3. The table on page 2 provides a comparison of the itemized amounts initially described in Communication File Number 100985 and the amounts now requested for transfer and expenditure authority.

Table: Asset Forfeiture Plan and Request Comparison

| <u>2011 Asset Forfeiture Plan</u> | <u>Expenditure Authority Requested</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Administrative Fees \$10,000 These fees and costs are required to be paid to permit continued participation in the Federal Asset Forfeiture Program | No Change |
| Bicycle Patrol \$10,000 Covers costs of replacement equipment | No Change |
| Canine Unit \$5,000 Covers food, medical care and boarding for 3 drug-interdiction canines | No Change |
| Cellular Phones \$25,000 Supports payment of costs of field officer phones | No Change |
| Digital Radio Communications Equipment \$800,000 Includes costs for portable (hand-held) radios and mobile (vehicle console) radios, system infrastructure facilities and equipment | Change \$1,107,000 (+ \$307,000) Increase will contribute to total acquisition of 240 portable and 50 mobile radios |
| [District Station and Police Administration Building (PAB) Improvements] No Amount in Plan | Change – New Item \$374,000 Includes security enhancements and paving projects |
| In-Car Video Cameras \$150,000 | Change – No Amount Requested |
| Technology Services \$150,000 Cover additional costs of technology equipment and technical needs | Change \$181,500 (+ \$31,500) Information Technology Equipment & Services |
| Tactical Equipment \$120,000 Supports costs of supplies and equipment related to high-risk operations including service of warrants, barricade and hostage situations | Change \$110,000 (- \$10,000) |
| Training \$100,000 Supports officer effectiveness and preparation for new assignments | Change \$116,000 (+ \$16,000) |
| [Training Equipment] No amount in Plan | Change – New Item \$15,000 Covers the cost of training pistols, training rifles and protective gear used in training |

FISCAL IMPACT

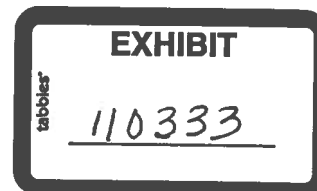
1. Expenditures authorized by this resolution total up to \$1,953,500 from the Police Department's Federal Forfeiture Trust Fund.
2. No City operating funds are included in this expenditure request, and this resolution has no impact on the tax levy.

cc: W. Martin Morics
Mark Nicolini
Joel Plant
John Ledvina
Jim Carroll
Jeff Osterman

Prepared by:
Richard L. Withers
Legislative Fiscal Analyst
286-8532
July 13, 2011

2011 Asset Forfeiture Authority to Spend Resolution
Council File 110333
July 13, 2011

| CATEGORY | AMOUNT | REASON |
|---------------------------------------------|----------------------------|-------------------------------------------------------------------------------------------------------|
| Administrative Fees | 10,000.00 | Purchase seized vehicles from US Marshal Service for department use |
| Bicycle Patrol Replacement Equipment | 10,000.00 | Bicycles and related parts/equipment |
| Canine Unit | 5,000.00 | Food, Boarding, Vet medical/dental |
| Cellular Phones | 25,000.00 | Wireless device service for Detectives and other department personnel. |
| Digital Radio Program Equipment | 1,107,000.00 | |
| 240 Portables | 854,880.00 | Provide all street officers and detectives personal radios |
| 50 Mobile Radios | 252,120.00 | Radios for squads and other vehicles. Replaces damaged beyond repair.. |
| District Station and PAB Improvements | 374,000.00 | |
| District Station Improvements | 200,000.00 | Security measures including cameras |
| PAB 7th Floor Renovation | 150,000.00 | Command Staff/Support Staff area reconfiguration; part of PAB remodel |
| D6 Trench Drain Shoring | 24,000.00 | Parking Garage floor failing due to rebar damage at trench drain |
| Information Technology Equipment & Services | 181,500.00 | |
| Central Records Scanners | 75,000.00 | Central Records Division - High volume scanners worn past useful life |
| Virtual Desktop | 85,500.00 | Shared server computers to speed field officer & detective access to dept databases and applications. |
| Voice Recognition Technology | 19,000.00 | For CIB Metro & PSB to dictate notes directly into computer; exponentially improve efficiency |
| Surveillance | 2,000.00 | District 2 Pole Camera data link over business class cable. |
| Tactical Equipment | 110,000.00 | |
| Chevy Suburban 2500 + Eqpt | 59,900.00 | TEU Replacing 8 year old vehicle used in tactical situations. |
| Tactical Situation Equipment | 50,100.00 | NTF units' response to tactical situations |
| Training | 116,000.00 | |
| Senior Management in Policing | 26,000.00 | Executive level training for three attendees |
| Bureaus | 42,000.00 | \$13,500 ea for PSB, NPB, CIB; \$1,500 for ADMIN. Officer professional training for job duties. |
| Chief | 12,500.00 | Training and Travel for Chief, Command Staff, OMAP, Budget and Media/Comm |
| Leadership in Police Organizations Texts | 10,000.00 | Up to 200 texts for officer leadership training classes. |
| Polygraphist Training | 6,000.00 | Attain/maintain professional certification & proficiency. |
| Reserve/Other | 19,500.00 | Including CIB Out of Town trips interviewing and retrieving suspects. |
| Training Equipment | 15,000.00 | Training pistols, rifles, and protective suits for Officer In-Service Refresher and Recruit Training |
| TOTAL | <u>1,953,500.00</u> | |





Legislation Details (With Text)

File #: 110310 **Version:** 1

Type: Resolution **Status:** In Committee

File created: 7/6/2011 **In control:** FINANCE & PERSONNEL COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Substitute resolution relative to application, acceptance and funding of the HIV Women's Grant from the Medical College of Wisconsin.

Sponsors: THE CHAIR

Indexes: GRANTS, HIV/AIDS

Attachments: Grant Analysis, Operating Grant Budget, Fiscal Impact Statement, Fiscal Analysis, Hearing Notice List

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|------------------------------------------|--------|-------|
| 7/6/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/11/2011 | 1 | PUBLIC SAFETY COMMITTEE | HEARING NOTICES SENT | | |
| 7/14/2011 | 1 | PUBLIC SAFETY COMMITTEE | RECOMMENDED FOR ADOPTION AND ASSIGNED TO | Pass | 4:0 |
| 7/18/2011 | 1 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number

110310

Version

Substitute 1

Reference

Sponsor

The Chair

Title

Substitute resolution relative to application, acceptance and funding of the HIV Women's Grant from the Medical College of Wisconsin.

Analysis

This resolution authorizes the Health Department to apply for, accept and fund the HIV Women's Grant project from the Medical College of Wisconsin in the amount of \$144,263. The purpose of the project is to provide public health nursing case management to a targeted population of HIV infected women and their families.

Body

Whereas, The City of Milwaukee appears to be eligible for grant funds from the Medical College of Wisconsin for providing public health nursing case management to a targeted population of HIV infected women and their families; and

Whereas, The operation of this grant project from 08/01/11 to 07/31/12 would cost \$144,263 provided by the

grantor; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that application to the Medical College of Wisconsin is authorized and the Health Department shall accept this grant without further approval unless the terms of the grant change as indicated in Milwaukee Code of Ordinances Section 304-81; and, be it

Further Resolved, That the City Comptroller is authorized to commit funds within the Project/Grant Parent of the 2011 Special Revenue-Grant and Aid Projects Fund, the following amounts for the project titled HIV Women's Grant:

| | |
|---------------|---------------|
| Project Grant | GR0001100000 |
| Fund | 0150 |
| Org | 9990 |
| Program | 0001 |
| Budget Year | 0000 |
| Subclass | R999 |
| Account | 000600 |
| Project | Grantor Share |
| Amount | \$144,263 |

And to create the necessary Special Revenue Fund - Grant and Aid Project/Grant and Project/Grant Levels; budget against these Project/Grant values the amounts required under the grant agreement; and, be it

Further Resolved, That these funds are appropriated to the Health Department which is authorized to:

1. Expend from the amount budgeted sums for specified purposes as indicated in the grant budget and incur costs consistent with the award date; and
2. Expend from the 2011 grant budget funds for training and out-of-town travel by departmental staff;
3. Expend from the 2011 grant budget for subcontracts and equipment as specified in the grant budget; and, be it

Further Resolved, That the Common Council directs that the 2011 Positions Ordinance C.C. File Number 100414, should be amended as follows:

Under

HEALTH DEPARTMENT

Change footnote (L) to read as follows:

To expire 07-31-12 unless the HIV Women's Project Grant, available from the Medical College of Wisconsin, is extended.

Requester

Health Department

Drafter

Ymr

07-07-11

HIV Womens Res 11-12

GRANT ANALYSIS FORM

OPERATING & CAPITAL GRANT PROJECT/PROGRAMS

Department/Division: Health Department

Contact Person & Phone No: Irmine Reitzl # 8555

Category of Request

☐ New Grant

☐ Grant Continuation

☐ Change in Previously Approved Grant

Previous Council File No. 100326

Previous Council File No.

Project/Program Title: HIV Women's Grant

Grantor Agency: Medical College of Wisconsin

Grant Application Date: N/A Continuing Grant

Anticipated Award Date: September 1, 2011

Please provide the following information:

1. Description of Grant Project/Program (Include Target Locations and Populations):

This program will provide public health nursing case management to a targeted population of HIV infected women and their families. In working collaboratively with medical care providers, community-based HIV resources, the Medical College of Wisconsin, and other community agencies, the program will assure continuity of care between the primary care provider and infectious disease specialists.

2. Relationship to City-wide Strategic Goals and Departmental Objectives:

This grant relates to the Health Department objectives of reducing the incidence of HIV and promoting the health and safety of Milwaukee women and children.

3. Need for Grant Funds and Impact on Other Departmental Operations (Applies only to Programs):

This funding will build on current Health Department HIV efforts by addressing a gap in service to HIV infected women. This project also builds upon an initiative of the Medical College of Wisconsin focused on HIV infected children.

4. Results Measurement/Progress Report (Applies only to Programs):

Anticipated outcomes include the number of infected women linked to medical care, primarily infectious disease specialists and gynecological care, and a reduction in the number of opportunistic infections as a result of this linkage.

5. Grant Period, Timetable and Program Phase-out Plan:

August 1, 2011 through July 31, 2012

6. Provide a List of Subgrantees:

N/A

7. If Possible, Complete Grant Budget Form and Attach to Back.

CITY OF MILWAUKEE OPERATING GRANT BUDGET

PROJECT/PROGRAM TITLE: HIV Women's Grant (MCW)

PROJECT/PROGRAM YEAR: 2011-2012

CONTACT PERSON: Irmine Reitl, X8555

| NUMBER OF POSITIONS | | LINE DESCRIPTION | PAY RANGE NO. | GRANTOR SHARE | IN-KIND SHARE | CASH MATCH A/C # | TOTAL |
|---------------------|----------|---------------------------------------|---------------------|------------------|------------------|---------------------|---------|
| NEW | EXISTING | | | | | | |
| | | PERSONNEL COSTS | | | | | |
| | 1.75 | Public Health Nurse (X) (G) (L) (AAA) | 666 | 94,688 | | | 94,688 |
| | | TOTAL PERSONNEL COSTS | | 94,688 | | | 94,688 |
| | | FRINGE BENEFITS | | | | | |
| | | 50% | | 47,344 | | | 47,344 |
| | | TOTAL FRINGE BENEFITS | | 47,344 | | | 47,344 |
| | | | | | | | |
| | | SUPPLIES AND MATERIALS | | | | | |
| | | Office Supplies | | 0 | | | 0 |
| | | Educational Materials | | 0 | | | 0 |
| | | TOTAL SUPPLIES AND MATERIALS | | 0 | | | 0 |
| | | | | | | | |
| | | SERVICES | | | | | |
| | | Auto allowance | | 1,601 | | | 1,601 |
| | | Education Allowance | | 150 | | | 150 |
| | | Telephones | | 480 | | | 480 |
| | | Travel | | 0 | | | 0 |
| | | TOTAL SERVICES | | 2,231 | | | 2,231 |
| | | | | | | | |
| | | TOTAL COSTS | | 144,263 | 0 | 0 | 144,263 |



City of Milwaukee Fiscal Impact Statement

A

Date July 7, 2011 **File Number** 110310

Subject Substitute resolution relative to application, acceptance and funding of the HIV Women's Grant from the Medical College of Wisconsin.

B

Submitted By (Name/Title/Dept./Ext.) Yvette M. Rowe, Business Operations Manager, Health, X3997

C

- This File**
- ☐ Increases or decreases previously authorized expenditures.
 - ☐ Suspends expenditure authority.
 - ☐ Increases or decreases city services.
 - ☐ Authorizes a department to administer a program affecting the city's fiscal liability.
 - ☐ Increases or decreases revenue.
 - ☒ Requests an amendment to the salary or positions ordinance.
 - ☐ Authorizes borrowing and related debt service.
 - ☐ Authorizes contingent borrowing (authority only).
 - ☒ Authorizes the expenditure of funds not authorized in adopted City Budget.

D

- This Note**
- ☐ Was requested by committee chair.

E

- Charge To**
- ☐ Department Account
 - ☐ Capital Projects Fund
 - ☐ Debt Service
 - ☐ Other (Specify) _____
 - ☐ Contingent Fund
 - ☐ Special Purpose Accounts
 - ☒ Grant & Aid Accounts

F

Assumptions used in arriving at fiscal estimate.

| G | | | |
|--------------------|------------------|-------------|-----------|
| Purpose | Specify Type/Use | Expenditure | Revenue |
| Salaries/Wages | | | |
| | | | |
| Supplies/Materials | | | |
| | | | |
| Equipment | | | |
| | | | |
| Services | | | |
| | | | |
| Other | | \$144,263 | \$144,263 |
| | | | |
| TOTALS | | \$144,263 | \$144,263 |

| H | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately. | |
| <input type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years | _____ |
| <input type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years | _____ |
| <input type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years | _____ |

| I |
|--------------------------------------------------------|
| List any costs not included in Sections E and F above. |
| _____ |

| J |
|-------------------------|
| Additional information. |
| _____ |

LRB-RESEARCH AND ANALYSIS SECTION

PUBLIC SAFETY COMMITTEE

JULY 14, 2011

ITEM 18, # 110310

File Number 110310 is a resolution relating to the application, acceptance and funding of the HIV Women's Grant from the Medical College of Wisconsin.

Background

1. This resolution authorizes the Milwaukee Health Department (MHD) to apply for, accept and fund the HIV Women's Grant project from the Medical College of Wisconsin. This is a continuing grant-funded program sponsored by the U.S. Department of Health and Human Services – Health Resources and Services Administration (HRSA).
2. The HIV Women's Grant program supports continuity of health care and social services for women who are HIV positive by coordinating with primary health care providers, mental health and social service professionals.
3. The Health Department has formed a working relationship with the Medical College of Wisconsin and the AIDS Resource Center of Wisconsin and is part of an HIV primary care support network of health care providers. The HIV Women's program complements efforts sponsored by the Medical College of Wisconsin to address the needs of HIV-infected children.
4. Evaluation of the program is conducted in conjunction with the Medical College of Wisconsin. Objectives include improving health outcomes of women through linkage with infectious disease specialists and reduction of the incidence of communicable disease.

Discussion

1. The program serves between 50 and 100 women annually. The proposed continued funding will support 1.75 FTE Public Health Nurse positions.
2. This grant, entirely grantor funded, is for the period of August 1, 2011 through July 31, 2012.
3. Funding under the anticipated grant award is budgeted as follows:

| <u>Item</u> | <u>Amount</u> |
|-------------------------------------------|----------------------|
| Personnel | |
| 1.75 Public Health Nurses (pay range 666) | \$94,688 |
| Fringe | |
| (50%) | 47,344 |
| Auto Allowance | 1,601 |
| Education Allowance | 150 |
| Telephone | 480 |
| TOTAL | \$144,263 |

5. The resolution in File #110310 authorizes the City Comptroller to commit \$144,263 grantor share funds within the Project/Grant Parent of the 2011 Special Revenue-Grant and Aid Projects Fund and to create appropriate Special Revenue Fund-Grant and Aid Project/Grant and Project /Grant levels.
6. The resolution further authorizes the Health Department, consistent with the terms of the grant, to: expend from these budgeted amounts; enter into subcontracts and leases; to expend 2011 budgeted grants for equipment deemed necessary to the operation of the program; and to expend funds for training and out-of-town travel of departmental staff from the grant funds in 2011.

Fiscal Impact

The total amount of this grant is \$144,263 and is entirely from the grantor. There is no impact on the tax levy.

Prepared by: Richard L. Withers, ext. 8532
LRB-Research and Analysis Section
July 12, 2011

Cc: W. Martin Morics
Bevan Baker
Raquel Filmanowicz
Paul Biedrzycki
Irmine Reitzl
Yvette Rowe
Renee Joos
Jim Carroll



Legislation Details (With Text)

File #: 110311 **Version:** 1

Type: Resolution **Status:** In Committee

File created: 7/6/2011 **In control:** PUBLIC SAFETY COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Substitute resolution relative to application, acceptance and funding of the Seek, Test, Treat: Addressing HIV in the Criminal Justice System Grant from the Medical College of Wisconsin's Center for AIDS Intervention and Research (CAIR).

Sponsors: THE CHAIR

Indexes: GRANTS, HIV/AIDS

Attachments: Grant Analysis, Operating Grant, Fiscal Analysis, Fiscal Impact Statement, Hearing Notice List

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|------------------------------------------|--------|-------|
| 7/6/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/11/2011 | 1 | PUBLIC SAFETY COMMITTEE | HEARING NOTICES SENT | | |
| 7/14/2011 | 1 | PUBLIC SAFETY COMMITTEE | RECOMMENDED FOR ADOPTION AND ASSIGNED TO | Pass | 4:0 |
| 7/18/2011 | 1 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number

110311

Version

Substitute 1

Reference

Sponsor

The Chair

Title

Substitute resolution relative to application, acceptance and funding of the Seek, Test, Treat: Addressing HIV in the Criminal Justice System Grant from the Medical College of Wisconsin's Center for AIDS Intervention and Research (CAIR).

Analysis

This resolution authorizes the Health Department to apply for, accept and fund the Seek, Test, Treat (STT): Addressing HIV in the Criminal Justice System Grant from the Medical College of Wisconsin's Center for AIDS Intervention and Research (CAIR) in the amount of \$69,536. The purpose of the project is to implement and evaluate a comprehensive STT program for detainees in the WI prison system that is being released to Milwaukee County.

Body

Whereas, The City of Milwaukee appears to be eligible for grant funds from the Medical College of Wisconsin's Center for AIDS Intervention and Research (CAIR) for implementing and evaluating a

comprehensive STT program for detainees in the WI prison system that is being released to Milwaukee County.
; and

Whereas, The operation of this grant project from 07/01/11 to 06/30/12 would cost \$69,536 provided by the grantor; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that application to the Medical College of Wisconsin's Center for AIDS Intervention and Research (CAIR) is authorized and the Health Department shall accept this grant without further approval unless the terms of the grant change as indicated in Milwaukee Code of Ordinances Section 304-81; and, be it

Further Resolved, That the City Comptroller is authorized to commit funds within the Project/Grant Parent of the 2011 Special Revenue-Grant and Aid Projects Fund, the following amounts for the project titled Seek, Test, Treat (STT): Addressing HIV in the Criminal Justice System Grant:

| | |
|---------------|---------------|
| Project Grant | GR0001100000 |
| Fund | 0150 |
| Org | 9990 |
| Program | 0001 |
| Budget Year | 0000 |
| Subclass | R999 |
| Account | 000600 |
| Project | Grantor Share |
| Amount | \$69,536 |

And to create the necessary Special Revenue Fund - Grant and Aid Project/Grant and Project/Grant Levels; budget against these Project/Grant values the amounts required under the grant agreement; and, be it

Further Resolved, That these funds are appropriated to the Health Department which is authorized to:

1. Expend from the amount budgeted sums for specified purposes as indicated in the grant budget and incur costs consistent with the award date; and
2. Expend from the 2011 grant budget funds for training and out-of-town travel by departmental staff;
3. Expend from the 2011 grant budget for subcontracts and equipment as specified in the grant budget; and, be it

Further Resolved, That the Common Council directs that the 2011 Positions Ordinance C.C. File Number 100414, should be amended as follows:

Under
HEALTH DEPARTMENT
Disease Control and Environmental Health Services Division
Sexually Transmitted Disease Clinic

DELETE:

Communicable Disease Specialist (X)(F)(BBB) 8 positions

ADD:

Communicable Disease Specialist (X)(F)(BBB)(DDD) 8 positions

ADD footnote (DDD) to read as follows:

To expire 06-30-12 unless the Seek, Test, Treat (STT): Addressing HIV in the Criminal Justice System Grant, available from the Medical College of Wisconsin's Center for AIDS Intervention and Research (CAIR), is extended.

Requester
Health Department

Drafter
Ymr
07-07-11
STT HIV Res 11-12

GRANT ANALYSIS FORM

OPERATING & CAPITAL GRANT PROJECTS/PROGRAMS

Department/Division: **Health Department**

Contact Person & Phone No: **Irmine Reitl; Communicable and Infectious Disease Program Manager 286-8555**

Category of Request

☒ **New Grant**

☐ **Grant Continuation**

Previous Council File No.

☐ **Change in Previously Approved Grant**

Previous Council File No.

Project/Program Title: **Seek, Test, Treat (STT): Addressing HIV in the Criminal Justice System**

Grantor Agency: **Medical College of Wisconsin's Center for Aids Intervention and Research (CAIR)**

Grant Application Date: **5-24-11**

Anticipated Award Date: **7-1-11**

Please provide the following information:

1. Description of Grant Project/Program (Include Target Locations and Populations):

CAIR in collaboration with UW-Madison School of Medicine and Public Health HIV Care Program, the AIDS Resource Center of WI, the WI Department of Corrections and the Milwaukee Secure Detention Facility (MSDF), the WI Division of AIDs/HIV and the City of Milwaukee Health Department will implement and evaluate a comprehensive STT program for detainees in the WI prison system who are being released to Milwaukee County, a major metropolitan area that accounts for nearly 60% of all HIV cases in WI. The specific aims of this study are: 1. To assess the feasibility of, and collect preliminary outcome data for, a comprehensive STT strategy for people released from the WI State prison system to Milwaukee County. Aim 1a-Test: Persons entering MSDF, (a short term facility serving approximately 8,000/year) will be provided HIV testing. Aim 1b-Treat: Newly-identified HIV-positive people released to Milwaukee County will be linked to low or no-cost community treatment and case management services. Aim 1c-Seek: "High-risk" negative persons released from MSDF provide a point of entry into high-risk social/sexual networks (including needle sharing partners) and provide important information about the feasibility and effectiveness of seeking out undiagnosed infections in the high-risk social, sexual, and drug use networks of correction-involved persons. Aim 2. To assess the cost and cost-effectiveness for the STT program.

2. Relationship to City-wide Strategic Goals and Departmental Objectives: The goals and objectives of this grant are consistent with the City-wide strategic goal of improving the health of its citizens and the Health Department objectives of reducing illness from communicable disease.

3. Need for Grant Funds and Impact on Other Departmental Operations (Applies only to Programs): In the first 4 years of the grant, the funds will nearly fully support a Communicable Disease Specialist (CDS) position in the STD/HIV Program. In the final year of the grant 2014-2015 the grant is projected to provide approximately 20% toward support of a CDS position.

4. Results Measurement/Progress Report (Applies only to Programs): not applicable

5. Grant Period, Timetable and Program Phase-out Plan:

July 1, 2011 to June 30, 2012 (extending through June 30, 2015 with subsequent annual grant amendments)

6. Provide a List of Subgrantees:

N/A

7. If Possible, Complete Grant Budget Form and Attach.

CITY OF MILWAUKEE OPERATING GRANT BUDGET

NOTE: The highlighted cells include formulas to automatically total dollar amounts. If you insert additional rows, you may need to copy the formulas into the inserted rows. Make sure to check the formulas to ensure they are calculating the numbers correctly.

PROJECT/PROGRAM TITLE: Seek, Test, Treat: Addressing HIV in the Criminal Justice System

PROJECT/PROGRAM YEAR: 7/1/2011-6/30/2012

CONTACT PERSON: Irmine Reitl : Communicable and Infectious Disease Program Manager (x8555)

| NUMBER OF POSITIONS | | LINE DESCRIPTION | PAY RANGE/ UNITS | GRANTOR SHARE | IN-KIND SHARE | CASH MATCH A/C # | TOTAL |
|---------------------|----------|---------------------------------------------------------------|------------------------|------------------|------------------|---------------------|----------|
| NEW | EXISTING | | | | | | |
| | | PERSONNEL COSTS | | | | | |
| | 1 | Communiabie Disease Specialist (X) (F) (BBB) (DDD) | 530 | \$43,694 | | | \$43,694 |
| | | TOTAL PERSONNEL COSTS | | \$43,694 | | | \$43,694 |
| | | | | | | | |
| | | FRINGE BENEFITS | | | | | |
| | | 50% Fringe Benefits | | \$21,847 | | | \$21,847 |
| | | TOTAL FRINGE BENEFITS (48%) | | \$21,847 | | | \$21,847 |
| | | | | | | | |
| | | OPERATING EXPENDITURES | | | | | |
| | | | | | | | |
| | | TOTAL OPERATING EXPENDITURES | | | | | |
| | | | | | | | |
| | | CONTRACTUAL | | | | | |
| | | | | | | | |
| | | TOTAL CONTRACTUAL | | | | | |
| | | | | | | | |
| | | SERVICES | | | | | |
| | | Misc. Operating Services (cell phone, auto mileage, training) | | \$3,995 | | | \$3,995 |
| | | TOTAL SERVICES | | \$3,995 | | | \$3,995 |
| | | | | | | | |
| | | TOTAL COSTS | | \$69,536 | | | \$69,536 |

LRB-RESEARCH AND ANALYSIS SECTION

PUBLIC SAFETY COMMITTEE

JULY 14, 2011

ITEM 19, # 110311

File Number 110311 is a resolution relating to the application, acceptance and funding of the Seek, Test, Treat: Addressing HIV in the Criminal Justice System Grant from the Medical College of Wisconsin's Center for AIDS Intervention and Research (CAIR).

Background

1. This resolution authorizes the Milwaukee Health Department (MHD) to apply for, accept and fund the Seek, Test, Treat: Addressing HIV in the Criminal Justice System (STT) Grant from the Medical College of Wisconsin's Center for AIDS Intervention and Research (CAIR). This is a new grant-funded program.
2. CAIR, in collaboration with UW-Madison School of Medicine and Public Health HIV Care Program, AIDS Resource Center of Wisconsin, Wisconsin Department of Corrections, Milwaukee Secure Detention Facility (MSDF), Wisconsin Division of AIDS/HIV and MHD plans to implement and evaluate a comprehensive STT program for detainees in the WI prison system who are released to Milwaukee County.
3. The Milwaukee metropolitan area accounts for nearly 60% of all HIV cases in Wisconsin. The specific objectives of this program are to:
 - Assess the feasibility of, and collect preliminary outcome data for, a comprehensive STT strategy for people released from the WI State prison system to Milwaukee County.
 - Provide HIV testing to individuals entering MSDF (a short term facility serving approximately 8,000/year).
 - Link newly-identified HIV-positive people released to Milwaukee County to low or no-cost community treatment and case management services.
 - Provide a point-of-entry to "high-risk" HIV-negative persons released from MSDF into high-risk situations and provide important information about the feasibility and effectiveness of seeking out undiagnosed infections in the high-risk social, sexual, and drug use networks of correction-involved persons.
 - Assess the cost and cost-effectiveness for the STT program.
3. MHD has formed a strong working relationship with the Medical College of Wisconsin and the as part of an HIV primary care support network of health care providers. The proposed grant-funded program will build on that relationship.

Discussion

1. It is anticipated that funding will be available for a 5-year period and will support most of the position of 1 Communicable Disease Specialist in the first 4 years; support would be decreased in the final year to about 20% FTE.
2. This grant, entirely grantor-funded, is for the period of July 1, 2011 through June 30, 2012.
3. Funding under the anticipated grant award is budgeted as follows:

| <u>Item</u> | <u>Amount</u> |
|---------------------------------------|-----------------|
| Personnel | |
| Communicable Disease Specialist (530) | \$43,694 |
| Fringe | |
| (50%) | 21,847 |
| Miscellaneous Services | |
| (Cell phone, mileage, training) | 3,995 |
| TOTAL | \$69,536 |

5. The resolution in File #110311 authorizes the City Comptroller to commit \$69,536 grantor share funds within the Project/Grant Parent of the 2011 Special Revenue-Grant and Aid Projects Fund and to create appropriate Special Revenue Fund-Grant and Aid Project/Grant and Project /Grant levels.
6. The resolution further authorizes the Health Department, consistent with the terms of the grant, to: expend from these budgeted amounts; enter into subcontracts and leases; to expend 2011 budgeted grants for equipment deemed necessary to the operation of the program; and to expend funds for training and out-of-town travel of departmental staff from the grant funds in 2011.

Fiscal Impact

The total amount of this grant is \$69,536 and is entirely from the grantor. There is no impact on the tax levy.

Prepared by: Richard L. Withers, ext. 8532
 LRB-Research and Analysis Section
 July 12, 2011

Cc: W. Martin Morics
 Bevan Baker
 Raquel Filmanowicz
 Paul Biedrzycki
 Irmine Reitl
 Yvette Rowe
 Renee Joos
 Jim Carroll



City of Milwaukee Fiscal Impact Statement

A

Date July 7, 2011 **File Number** 110311

Subject Substitute resolution relative to application, acceptance and funding of the Seek, Test, Treat: Addressing HIV in the Criminal Justice System Grant from the Medical College of Wisconsin's Center for AIDS Intervention and Research (CAIR).

B

Submitted By (Name/Title/Dept./Ext.) Yvette M. Rowe, Business Operations Manager, Health, X3997

C

- This File**
- ☐ Increases or decreases previously authorized expenditures.
 - ☐ Suspends expenditure authority.
 - ☐ Increases or decreases city services.
 - ☐ Authorizes a department to administer a program affecting the city's fiscal liability.
 - ☐ Increases or decreases revenue.
 - ☒ Requests an amendment to the salary or positions ordinance.
 - ☐ Authorizes borrowing and related debt service.
 - ☐ Authorizes contingent borrowing (authority only).
 - ☒ Authorizes the expenditure of funds not authorized in adopted City Budget.

D

- This Note**
- ☐ Was requested by committee chair.

E

- Charge To**
- ☐ Department Account
 - ☐ Capital Projects Fund
 - ☐ Debt Service
 - ☐ Other (Specify) _____
 - ☐ Contingent Fund
 - ☐ Special Purpose Accounts
 - ☒ Grant & Aid Accounts

F

Assumptions used in arriving at fiscal estimate.

G

| Purpose | Specify Type/Use | Expenditure | Revenue |
|--------------------|------------------|-------------|----------|
| Salaries/Wages | | | |
| | | | |
| Supplies/Materials | | | |
| | | | |
| Equipment | | | |
| | | | |
| Services | | | |
| | | | |
| Other | | \$69,536 | \$69,536 |
| | | | |
| TOTALS | | \$69,536 | \$69,536 |

H

For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately.

☐ 1-3 Years ☐ 3-5 Years

☐ 1-3 Years ☐ 3-5 Years

☐ 1-3 Years ☐ 3-5 Years

I

List any costs not included in Sections E and F above.

J

Additional information.



Legislation Details (With Text)

File #: 110312 **Version:** 1

Type: Resolution **Status:** In Committee

File created: 7/6/2011 **In control:** FINANCE & PERSONNEL COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Substitute resolution relative to application, acceptance and funding of the Bioterrorism Grant - Focus CRI from the State of Wisconsin Department of Health Services.

Sponsors: THE CHAIR

Indexes: SAFETY, STATE GRANTS

Attachments: Grant Analysis, Operating Grant, Fiscal Analysis, Fiscal Impact Statement, Hearing Notice List

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|------------------------------------------|--------|-------|
| 7/6/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/11/2011 | 1 | PUBLIC SAFETY COMMITTEE | HEARING NOTICES SENT | | |
| 7/14/2011 | 1 | PUBLIC SAFETY COMMITTEE | RECOMMENDED FOR ADOPTION AND ASSIGNED TO | Pass | 4:0 |
| 7/18/2011 | 1 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
110312

Version
Substitute 1

Reference

Sponsor
The Chair

Title
Substitute resolution relative to application, acceptance and funding of the Bioterrorism Grant - Focus CRI from the State of Wisconsin Department of Health Services.

Analysis
This substitute resolution authorizes the Health Department to apply for, accept and fund the Bioterrorism Grant - Focus CRI (Cities Readiness Initiative) project from the Centers for Disease Control through the State of Wisconsin Division of Health Services in the amount of \$159,348 to aid cities in increasing their capacity to deliver medicines and medical supplies during a large-scale public health emergency.

Body
Whereas, The City of Milwaukee appears to be eligible for grant funds from the Centers for Disease Control to aid cities in increasing their capacity to aid cities in increasing their capacity to deliver medicines and medical supplies during a large-scale public health emergency; and

Whereas, The operation of this grant project from 08/01/11 to 07/31/12 would cost \$159,348 provided by the grantor; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that application to the Centers for Disease Control through the State of Wisconsin Division of Health Services is authorized and the Health Department shall accept this grant without further approval unless the terms of the grant change as indicated in Milwaukee Code of Ordinances 304-81; and, be it

Further Resolved, That the City Comptroller is authorized to:

1. Commit funds within the Project/Grant parent account of the 2011 Special Revenue-Grant and Aid Projects Fund, the following amounts for the project titled Bioterrorism Grant Focus CRI:

| | |
|---------------|---------------|
| Project/Grant | GR0001100000 |
| Fund | 0150 |
| Org | 9990 |
| Program | 0001 |
| Budget Year | 0000 |
| Subclass | R999 |
| Account | 000600 |
| Project | Grantor Share |
| Amount | \$159,348 |

2. Create the necessary Special Revenue Fund - Grant and Aid Project/Grant and Project Levels; budget to these Project/Grant values the amounts required under the grant agreement; and, be it

Further Resolved, That these funds are budgeted to the Health Department which is authorized to:

1. Expend from the amount budgeted sums for specified purposes as indicated in the grant budget and incur costs consistent with the award date;
2. Expend from the 2011 grant budget funds for training and out-of-town travel by departmental staff;
3. Expend from the 2011 grant budget funds for equipment as specified in the grant budget;
4. Enter into leases and contracts as indicated in the grant budget; and, be it

Further Resolved, That the Common Council directs that the 2011 Positions Ordinance C.C. File Number 100414, should be amended as follows:

Under

HEALTH DEPARTMENT

Change footnote (P) as follows:

To expire 07-31-12 unless the Bioterrorism Focus CRI Grant is extended. Also partially funds the position of

Public Health Emergency Response Planning Coordinator.

Requestor
HEALTH DEPARTMENT

Drafter
YMR
07-07-11
BT FOCUS CRI RESOLUTION 11-12

GRANT ANALYSIS FORM

OPERATING & CAPITAL GRANT PROJECTS/PROGRAMS

Department/Division: Health/Disease Control and Prevention

Contact Person & Phone No: Anupa Gandhi, Emergency Response Coordinator, x6457

Category of Request

☐ **New Grant**

☐ **Grant Continuation**

Previous Council File No. 100325

☐ **Change in Previously Approved Grant**

Previous Council File No.

Project/Program Title: Bioterrorism Grant – Focus CRI (Cities Readiness Initiative)

Grantor Agency: Centers for Disease Control and Prevention through the State of Wisconsin Division of Health and Family Services

Grant Application Date: N/A - Continuing

Anticipated Award Date: August 2011

Please provide the following information:

1. Description of Grant Project/Program (Include Target Locations and Populations):

The Cities Readiness Initiative (CRI) is a pilot program to aid cities in increasing their capacity to deliver medicines and medical supplies during a large-scale public health emergency such as a bioterrorism attack or a nuclear accident. The Cities Readiness Initiative will help save lives through timely delivery of medicines and medical supplies during a large-scale public health emergency. It will enable cities to deliver medicines and medical supplies to their populations within a timeframe that will make an appreciable health difference in the event of a bioterrorism attack.

2. Relationship to City-wide Strategic Goals and Departmental Objectives:

This grant is consistent with the departmental strategic goal of increasing public health preparedness to respond to emergencies.

3. Need for Grant Funds and Impact on Other Departmental Operations (Applies only to Programs):

Grant funding will allow MHD to conduct planning to provide prophylaxis to the entire Milwaukee Metropolitan Statistical Area within 48 hours.

4. Results Measurement/Progress Report (Applies only to Programs):

Progress is monitored through completion of the SNS assessment tool.

5. Grant Period, Timetable and Program Phase-out Plan:

The grant period is August 1, 2011 through July 31, 2012.

6. Provide a List of Subgrantees:

N/A

7. If Possible, Complete Grant Budget Form and Attach to Back.

CITY OF MILWAUKEE OPERATING GRANT BUDGET

PROJECT/PROGRAM TITLE: CRI
CONTACT PERSON: Yvette Rowe

PROJECT/PROGRAM YEAR: 8/1/11-7/31/12

| NUMBER OF POSITIONS | | LINE DESCRIPTION | PAY RANGE NO. | GRANTOR SHARE | IN-KIND SHARE | CASH MATCH A/C # | TOTAL |
|---------------------|----------|-----------------------------------------------------------------|---------------|---------------|---------------|------------------|------------|
| NEW | EXISTING | | | | | | |
| | | PERSONNEL COSTS | | | | | |
| | 0.65 | Health Project Coordinator - Immunizations (X)(Y)(A)(P)(DD)(EE) | 004 | \$ 33,800 | \$ - | \$ - | \$ 33,800 |
| | 0.5 | Public Health Pandemic Planning Coordinator (X)(A)(P) | 005 | \$ 32,979 | | | \$ 32,979 |
| | 0.4 | Public Health Emergency Response Planning Coordinator (X)(A)(P) | 007 | \$ 25,480 | | | \$ 25,480 |
| | | TOTAL PERSONNEL COSTS | | \$ 92,258 | | | \$ 92,258 |
| | | FRINGE BENEFITS | | | | | |
| | | Fringe Benefits (Rate = 50%) | | \$ 46,129 | | | \$ 46,129 |
| | | TOTAL FRINGE BENEFITS | | \$ 46,129 | | | \$ 46,129 |
| | | SUPPLIES AND MATERIALS | | | | | |
| | | General Operating Supplies | | \$ 2,811 | | | \$ 2,811 |
| | | TOTAL SUPPLIES AND MATERIALS | | \$ 2,811 | | | \$ 2,811 |
| | | SERVICES | | | | | |
| | | Mileage/Parking for Project Coordinator and Planning Coord. | | \$ 2,400 | | | \$ 2,400 |
| | | TOTAL SERVICES | | \$ 2,400 | | | \$ 2,400 |
| | | EQUIPMENT | | | | | |
| | | Computer Equipment | | \$ 1,750 | | | \$ 1,750 |
| | | | | | | | \$ - |
| | | TOTAL EQUIPMENT | | \$ 1,750 | | | \$ 1,750 |
| | | CONTRACTUAL SERVICES | | | | | |
| | | Citywatch Renewal | | \$ 5,500 | | | \$ 5,500 |
| | | Exercise | | \$ 5,000 | | | \$ 5,000 |
| | | ArcGIS | | \$ 3,500 | | | \$ 3,500 |
| | | TOTAL CONTRACTUAL SERVICES | | \$ 14,000 | | | \$ 14,000 |
| | | TOTAL COSTS | | \$ 159,348 | | | \$ 159,348 |

LRB-RESEARCH AND ANALYSIS SECTION

PUBLIC SAFETY COMMITTEE

JULY 14, 2011

ITEM 22, FILE # 110312

File Number 110312 is a resolution relative to application, acceptance and funding of the Bioterrorism Grant – Focus CRI Grant from the State of Wisconsin Department of Health Services.

Background

1. The Cities Readiness Initiative (CRI) is a continuing pilot program to aid cities in increasing capacity to deliver medicines and medical supplies during a large-scale public health emergency such as a bioterrorism attack or a nuclear accident. The Cities Readiness Initiative is intended to:
 - Help save lives through timely delivery of medicines and medical supplies during a large-scale public health emergency.
 - Enable cities to deliver medicines and medical supplies to populations within a timeframe that will make an appreciable health difference in the event of a bioterrorism attack.
2. Grant funding provides the Milwaukee Health Department resources necessary to plan for and provide medicines and medical supplies to the entire Milwaukee Metropolitan Statistical Area within 48 hours of notice of an emergent need.

Discussion

1. Continued funding is available in the amount of \$159,348 is available and is entirely grantor share supporting activities for the period August 1, 2011, to July 31, 2012.
2. The grant will support 0.5 FTE for 3 existing positions in the Department of Health. The proposed budget for this continuing grant is as follows:

Personnel

| | |
|-------------------------------------------------------------------------------------|-----------|
| Health Project Emergency Response Planning Coordinator (0.4 FTE - Pay Range 007) | \$ 25,480 |
|-------------------------------------------------------------------------------------|-----------|

| | |
|--------------------------------------------------------------------------|--------|
| Health Project Coordinator – Immunizations (0.65 FTE – Pay Range 004) | 33,800 |
|--------------------------------------------------------------------------|--------|

| | |
|--------------------------------------------------------------------------|--------|
| Public Health Pandemic Planning Coordinator (0.5 FTE - Pay Range 005) | 32,979 |
|--------------------------------------------------------------------------|--------|

| | |
|---------------------------------|--------|
| Fringe Benefits (50%) | 46,129 |
|---------------------------------|--------|

| | |
|-------------------------------|-------|
| Supplies and Materials | 2,811 |
|-------------------------------|-------|

| | |
|----------------------------|-------|
| Mileage and Parking | 2,400 |
|----------------------------|-------|

| | |
|--------------------------|--------|
| Contract Services | 14,000 |
|--------------------------|--------|

| | |
|-------------------|----------|
| Citywatch Renewal | \$ 5,500 |
|-------------------|----------|

| | |
|--------|----------|
| ArcGIS | \$ 3,500 |
|--------|----------|

| | |
|---------------------|----------|
| Functional Exercise | \$ 5,000 |
|---------------------|----------|

| | |
|--------------|------------------|
| Total | \$159,348 |
|--------------|------------------|

3. The resolution in File #110312 authorizes the City Comptroller to commit \$159,348 grantor share funds within the Project/Grant Parent of the 2011 Special Revenue-Grant

and Aid Projects Fund and to create appropriate Special Revenue Fund-Grant and Aid Project/Grant and Project /Grant levels.

4. The resolution further authorizes the Health Department, consistent with the terms of the grant, to: expend from these budgeted amounts; enter into subcontracts and leases; to expend amounts for equipment deemed necessary to the operation of the program; and to expend funds for training and out-of-town travel of departmental staff consistent with the terms of the continuing grant.

Fiscal Impact

1. The resolution in file #110312 provides for acceptance and expenditure of grant funding in the amount of \$159,348, entirely grantor share.
2. This resolution has no impact on the property tax levy.

Prepared by: Richard L. Withers
LRB-Research and Analysis Section
Extension 8532
July 11, 2011

Cc: W. Martin Morics
Bevan Baker
Yvette Rowe
Raquel Filmanowicz
Anupa Gandhi
Renee Joos
Jim Carroll



City of Milwaukee Fiscal Impact Statement

A

Date July 7, 2011 **File Number** 110312

Subject Substitute resolution relative to application, acceptance and funding of the Bioterrorism Grant – Focus CRI from the State of Wisconsin Department of Health Services.

B

Submitted By (Name/Title/Dept./Ext.) Yvette M. Rowe, Business Operations Manager, Health, X3997

C

- This File**
- ☐ Increases or decreases previously authorized expenditures.
 - ☐ Suspends expenditure authority.
 - ☐ Increases or decreases city services.
 - ☐ Authorizes a department to administer a program affecting the city's fiscal liability.
 - ☐ Increases or decreases revenue.
 - ☒ Requests an amendment to the salary or positions ordinance.
 - ☐ Authorizes borrowing and related debt service.
 - ☐ Authorizes contingent borrowing (authority only).
 - ☒ Authorizes the expenditure of funds not authorized in adopted City Budget.

D

- This Note**
- ☐ Was requested by committee chair.

E

- Charge To**
- ☐ Department Account
 - ☐ Capital Projects Fund
 - ☐ Debt Service
 - ☐ Other (Specify) _____
 - ☐ Contingent Fund
 - ☐ Special Purpose Accounts
 - ☒ Grant & Aid Accounts

F

Assumptions used in arriving at fiscal estimate.

| G | | | |
|--------------------|------------------|-------------|-----------|
| Purpose | Specify Type/Use | Expenditure | Revenue |
| Salaries/Wages | | | |
| | | | |
| Supplies/Materials | | | |
| | | | |
| Equipment | | | |
| | | | |
| Services | | | |
| | | | |
| Other | | \$159,348 | \$159,348 |
| | | | |
| TOTALS | | \$159,348 | \$159,348 |

| H | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately. | |
| <input type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years | _____ |
| <input type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years | _____ |
| <input type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years | _____ |

| I |
|--------------------------------------------------------|
| List any costs not included in Sections E and F above. |
| _____ |

| J |
|-------------------------|
| Additional information. |
| _____ |



Legislation Details (With Text)

File #: 110313 **Version:** 1

Type: Resolution **Status:** In Committee

File created: 7/6/2011 **In control:** PUBLIC SAFETY COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Substitute resolution relative to the application, acceptance and funding of the 2011 Public Health Preparedness (CDC) Grant from the State of Wisconsin - Department of Health Services.

Sponsors: THE CHAIR

Indexes: SAFETY, STATE GRANTS

Attachments: Operating Grant Budget, Grant Analysis, Fiscal Analysis, Fiscal Impact Statement, Hearing Notice List

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|------------------------------------------|--------|-------|
| 7/6/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/11/2011 | 1 | PUBLIC SAFETY COMMITTEE | HEARING NOTICES SENT | | |
| 7/14/2011 | 1 | PUBLIC SAFETY COMMITTEE | RECOMMENDED FOR ADOPTION AND ASSIGNED TO | Pass | 4:0 |
| 7/18/2011 | 1 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
110313

Version
Substitute 1

Reference

Sponsor
The Chair

Title
Substitute resolution relative to the application, acceptance and funding of the 2011 Public Health Preparedness (CDC) Grant from the State of Wisconsin - Department of Health Services.

Analysis
This resolution authorizes the Health Department to apply for, accept and fund the 2011 Public Health Preparedness (CDC) Grant from the State of Wisconsin -Department of Health Services in the amount of \$331,629. The purpose of the contract is to assure that the Milwaukee Health Department is ready to respond to emergencies including terrorism, pandemic influenza, and other communicable disease outbreaks. These emergency preparedness and response efforts are intended to support the National Response Plan (NRP) and the National Incident Management System (NIMS).

Body

Whereas, The City of Milwaukee appears to be eligible for grant funds from the Wisconsin Department of Health Services for the 2011 Public Health Preparedness (CDC) Grant to assure that the Milwaukee Health Department is ready to respond to emergencies including terrorism, pandemic influenza, and other communicable disease outbreaks; and

Whereas, The operation of this grant project from 08/01/11 to 07/31/12 would cost \$331,629 entirely provided by the grantor; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that application to the Wisconsin - Department of Health Services is authorized and the Health Department shall accept this grant without further approval unless the terms of the grant change as indicated in Milwaukee Code of Ordinances Section 304-81; and, be it

Further Resolved, That the City Comptroller is authorized to:

1. Commit funds within the Project/Grant Parent of the 2011 Special Revenue-Grant and Aid Projects Fund, the following amounts for the project titled 2011 Public Health Preparedness (CDC) Grant:

| | |
|---------------|---------------|
| Project/Grant | GR0001100000 |
| Fund | 0150 |
| Org | 9990 |
| Program | 0001 |
| Budget Year | 0000 |
| Subclass | R999 |
| Account | 000600 |
| Project | Grantor Share |
| Amount | \$331,629 |

2. Create the necessary Special Revenue Fund - Grant and Aid Project/Grant and Project/Grant Levels; budget against these Project/Grant values the amount required under the grant agreement;

3. Establish the necessary City Share Project Values; and, be it

Further Resolved, That these funds are budgeted to the Health Department which is authorized to:

1. Expend from the amount budgeted sums for specified purposes as indicated in the grant budget and incur costs consistent with the award date;

2. Expend from the 2011 grant budget funds for specific items of equipment;

3. Expend from the 2011 grant budget funds for training and out-of-town travel by departmental staff;

4. Enter into subcontracts as detailed in the grant budget; and, be it

Further Resolved, That the Common Council directs that the 2011 Positions Ordinance, Common Council File 100414, should be amended as follows:

Under

HEALTH DEPARTMENT
Disease Control and Environmental Health Services Division
Bioterrorism-CDC Public Health Preparedness Grant (A)

DELETE:

Infectious Disease Epidemiologist (X)(Y)(A)(EE)(CC)

ADD:

Infectious Disease Epidemiologist (X)(Y)(A)(EE)

Amend footnote (A) to read as follows:

To expire 07/31/12 unless the CDC Public Health Preparedness Grant is extended. Partially funds Public Health Pandemic Planning Coordinator.

Requestor
Health Department

Drafter
ymr
07/07/11
PHPREPAREDNESS res 2011-12

CITY OF MILWAUKEE OPERATING GRANT BUDGET

PROJECT/PROGRAM TITLE: CDC Public Health Preparedness
 CONTACT PERSON: Angela Hagy, X5833

PROJECT/PROGRAM YEAR: 8/1/2011-7/31/2012

| NUMBER OF POSITION | | LINE DESCRIPTION | PAY RANGE NO. | GRANTOR SHARE | IN-KIND SHARE | CASH MATCH A/C # | TOTAL |
|--------------------|----------|--------------------------------------------------------------------|---------------|-------------------|---------------|------------------|-------------------|
| NEW | EXISTING | | | | | | |
| | | PERSONNEL COSTS | | | | | |
| | | | | | | | |
| | 1 | Telecommunications Analyst-Assoc. (X)(Y) (A) | 006 | \$ 57,550 | | | \$ 57,550 |
| | 0.5 | Public Health Pandemic Planning Coordinator (X)(A)(P) | 005 | \$ 32,979 | | | \$ 32,979 |
| | 0.6 | Public Health Emergency Response Planning Coordinator (X)(Y)(A)(P) | 007 | \$ 38,220 | | | \$ 38,220 |
| | 1 | Infectious Disease Epidemiologist (X)(Y)(A)(EE) | 010 | \$ 75,468 | | | \$ 75,468 |
| | | TOTAL PERSONNEL COSTS | | \$ 204,216 | | | \$ 204,216 |
| | | | | | | | |
| | | FRINGE BENEFITS | | | | | |
| | | Fringe Benefits (Rate = 50%) | | \$ 102,108 | \$ - | \$ - | \$ 102,108 |
| | | TOTAL FRINGE BENEFITS | | \$ 102,108 | | | \$ 102,108 |
| | | | | | | | |
| | | SUPPLIES AND MATERIALS | | | | | |
| | | General Operating Supplies | | \$ 3,385 | \$ - | \$ - | \$ 3,385 |
| | | TOTAL SUPPLIES AND MATERIALS | | \$ 3,385 | | | \$ 3,385 |
| | | | | | | | |
| | | SERVICES | | | | | |
| | | Mileage For PHP Staff | | \$ 2,400 | | | \$ 2,400 |
| | | Training/Travel | | \$ 5,000 | | | \$ 5,000 |
| | | TOTAL SERVICES | | \$ 7,400 | \$ - | \$ - | 7,400 |
| | | | | | | | |
| | | EQUIPMENT | | | | | |
| | | | | | | | \$ - |
| | | TOTAL EQUIPMENT | | \$ - | \$ - | \$ - | 0 |
| | | | | | | | |
| | | CONTRACTUAL SERVICES | | | | | |
| | | Blackberry Service (18 devices 2011) | | \$ 14,520 | | | \$ 14,520 |
| | | | | | | | \$ - |
| | | TOTAL CONTRACTUAL SERVICE | | \$ 14,520 | \$ - | \$ - | 14,520 |
| | | | | | | | |
| | | TOTAL COSTS | | \$ 331,629 | \$ - | \$ - | \$ 331,629 |

**GRANT ANALYSIS FORM
OPERATING & CAPITAL GRANT PROJECTS/PROGRAMS**

Department/Division: Health Department/Disease Control and Environmental Health Services Division

Contact Person & Phone No: Angie Hagy, Infectious Disease Epidemiologist, X5833

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Category of Request <input type="checkbox"/> New Grant <input checked="" type="checkbox"/> Grant Continuation <input type="checkbox"/> Change in Previously Approved Grant | Previous Council File No. 091004 Previous Council File No. |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|

Project/Program Title: Public Health Preparedness Grant (CDC)

Grantor Agency: Department of Health Services (DHS)

Grant Application Date: June 15, 2011

Anticipated Award Date: August 1, 2011

Please provide the following information:

1. Description of Grant Project/Program (Include Target Locations and Populations):

The purpose of this program is to assure that MHD is ready to respond to emergencies including terrorism, pandemic influenza, and other communicable disease outbreaks. These emergency preparedness and response efforts are intended to support the National Response Plan (NRP) and the National Incident Management System (NIMS). Goals of this program are to

PREVENT:

- (1) Increase the use and development of interventions known to prevent human illness from chemical, biological, radiological agents, and naturally occurring health threats.

DETECT AND REPORT:

- (2) Decrease the time needed to classify health events as terrorism or naturally occurring in partnership with other agencies.
- (3) Decrease the time needed to detect and report chemical, biological, radiological agents in tissue, food or environmental samples that cause threats to the public's health.
- (4) Improve the timeliness and accuracy of communications regarding threats to the public's health

INVESTIGATE:

- (5) Decrease the time to identify causes, risk factors, and appropriate interventions for those affected by threats to the public's health.

CONTROL:

- (6) Decrease the time needed to provide countermeasures and health guidance to those affected by threats to the public's health.

RECOVER:

- (7) Decrease the time needed to restore health services and environmental safety to pre-event levels.
- (8) Improve the long-term follow-up provided to those affected by threats to the public's health.

IMPROVE:

- (9) Decrease the time needed to implement recommendations from after-action reports following threats to the public's health.

2. Relationship to City-wide Strategic Goals and Departmental Objectives:

This grant is consistent with departmental strategic goals of reducing illness and injury associated with communicable and chronic diseases.

3. Need for Grant Funds and Impact on Other Departmental Operations (Applies only to Programs):

CDC preparedness funds supports basic infrastructure within the health department needed for emergency response and response to outbreaks of communicable disease.

4. Results Measurement/Progress Report (Applies only to Programs):

Midyear and year end progress reports submitted to DHS.

5. Grant Period, Timetable and Program Phase-out Plan:

Grant period extends August 1, 2011 thru July 31, 2012. This represents the beginning of a new 5 year renewable grant.

6. Provide a List of Sub grantees:

N/A

7. If Possible, Complete Grant Budget Form and Attach to Back.

Attached

LRB-RESEARCH AND ANALYSIS SECTION

PUBLIC SAFETY COMMITTEE

JULY 14, 2011

ITEM 21, FILE # 110313

File Number 110313 is a resolution relating to application, acceptance and funding of the 2011 Public Health Preparedness Grant from the U.S. Centers for Disease Control through the State of Wisconsin Department of Health Services.

Background

1. This resolution authorizes the Milwaukee Health Department (MHD) to accept continuing funding for public health preparedness from the Centers for Disease Control through the State of Wisconsin Department of Health Services. The current grant award of \$ 329,733 was authorized by Resolution File # 091004.
2. The proposed continued funding supports the infrastructure and capacity of MHD to respond to emergencies including terrorism, pandemic influenza, and other communicable disease outbreaks.
3. Continuing goals of the Preparedness Grant are:
 - Increasing the use and development of interventions known to prevent human illness from chemical, biological, radiological agents, and naturally occurring health threats.
 - Decreasing the time needed to classify health events as terrorism or naturally occurring in partnership with other agencies.
 - Decreasing the time needed to detect and report chemical, biological, radiological agents in tissue, food or environmental samples that present a risk to human health.
 - Improving the timeliness and accuracy of communications related to threats to public health.
 - Decreasing the time to identify causes, risk factors, and appropriate interventions for persons affected by threats to public health.
 - Decreasing the time needed to implement countermeasures and to provide health guidance.
 - Decreasing the time needed to restore health services and environmental safety to pre-event levels.
 - Provide long-term follow-up for persons affected by an adverse public health event.
 - Decrease the implementation time for actions recommended by state and federal authorities in public health event follow-up reports.

Discussion

1. This grant is for \$331,629, entirely grantor share funds, which is \$1,896 (+0.6%) more than the previous award. The continued funding will support 1.0 FTE Telecommunications Analyst-Associate, 0.5 FTE Public Health Pandemic Planning Coordinator, 0.6 FTE Public Health Emergency Response Planning Coordinator, and 1.0 FTE Infectious Disease Epidemiologist, all existing positions.

2. This grant is for the period of August 1, 2011, through July 31, 2012.
3. The proposed Preparedness Grant budget is as follows:

| | |
|---------------------------------|------------|
| Personnel | \$ 204,216 |
| Fringe Benefits (50%) | 102,108 |
| Supplies | 3,385 |
| Training and Mileage/Parking | 7,400 |
| Blackberry Service (18 devices) | 14,520 |

Grant total \$ 331,629

4. The resolution in File Number 110313 authorizes the City Comptroller to commit \$331,629 grantor share funds within the Project/Grant Parent of the 2011 Special Revenue-Grant and Aid Projects Fund and to create appropriate Special Revenue Fund-Grant and Aid Project/Grant and Project /Grant levels.
5. The resolution further authorizes the Health Department, consistent with the terms of the grant, to expend from these budgeted amounts and to incur costs consistent with the award documents including costs of travel and training, and to enter into subcontracts.

Fiscal Impact

1. The proposed funding is for \$331,629 entirely grantor share.
2. This resolution has no impact on the tax levy.

Prepared by: Richard Withers
LRB-Research and Analysis Section
July 11, 2011

Cc: W. Martin Morics
Raquel Filmanowitz
Bevan Baker
Yvette Rowe
Angela Hagy
Renee Joos
Jim Carroll



City of Milwaukee Fiscal Impact Statement

A

Date July 7, 2011 **File Number** 110313

Subject Substitute resolution relative to the application, acceptance and funding of the 2011 Public Health Preparedness (CDC) Grant from the State of Wisconsin - Department of Health Services.

B

Submitted By (Name/Title/Dept./Ext.) Yvette M. Rowe, Business Operations Manager, Health, X3997

C

- This File**
- ☐ Increases or decreases previously authorized expenditures.
 - ☐ Suspends expenditure authority.
 - ☐ Increases or decreases city services.
 - ☐ Authorizes a department to administer a program affecting the city's fiscal liability.
 - ☐ Increases or decreases revenue.
 - ☒ Requests an amendment to the salary or positions ordinance.
 - ☐ Authorizes borrowing and related debt service.
 - ☐ Authorizes contingent borrowing (authority only).
 - ☒ Authorizes the expenditure of funds not authorized in adopted City Budget.

D

- This Note**
- ☐ Was requested by committee chair.

E

- Charge To**
- ☐ Department Account
 - ☐ Capital Projects Fund
 - ☐ Debt Service
 - ☐ Other (Specify) _____
 - ☐ Contingent Fund
 - ☐ Special Purpose Accounts
 - ☒ Grant & Aid Accounts

F

Assumptions used in arriving at fiscal estimate.

G

| Purpose | Specify Type/Use | Expenditure | Revenue |
|--------------------|------------------|-------------|-----------|
| Salaries/Wages | | | |
| | | | |
| Supplies/Materials | | | |
| | | | |
| Equipment | | | |
| | | | |
| Services | | | |
| | | | |
| Other | | \$331,629 | \$331,629 |
| | | | |
| TOTALS | | \$331,629 | \$331,629 |

H

For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately.

☐ 1-3 Years ☐ 3-5 Years

☐ 1-3 Years ☐ 3-5 Years

☐ 1-3 Years ☐ 3-5 Years

I

List any costs not included in Sections E and F above.

J

Additional information.



Legislation Details (With Text)

File #: 110314 **Version:** 1

Type: Resolution **Status:** In Committee

File created: 7/6/2011 **In control:** FINANCE & PERSONNEL COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Substitute resolution relative to application, acceptance and funding of the FIT Families Grant from the State of Wisconsin Department of Health Services.

Sponsors: THE CHAIR

Indexes: HEALTH CARE, STATE GRANTS

Attachments: Grant Analysis, Operating Grant Budget, Fiscal Analysis, Fiscal Impact Statement, Hearing Notice List

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|------------------------------------------|--------|-------|
| 7/6/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/11/2011 | 1 | PUBLIC SAFETY COMMITTEE | HEARING NOTICES SENT | | |
| 7/14/2011 | 1 | PUBLIC SAFETY COMMITTEE | RECOMMENDED FOR ADOPTION AND ASSIGNED TO | Pass | 4:0 |
| 7/18/2011 | 1 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number

110314

Version

Substitute 1

Reference

Sponsor
The Chair

Title

Substitute resolution relative to application, acceptance and funding of the FIT Families Grant from the State of Wisconsin Department of Health Services.

Analysis

This resolution authorizes the Health Department to apply for, accept and fund the 2011 FIT Families Grant from the State of Wisconsin Department of Health Services in the amount of \$25,000. The purpose of the project is to use evidence based programs and promising strategies that focus on helping young families eat healthier and be more active.

Body

Whereas, The City of Milwaukee appears to be eligible for grant funds from the State of Wisconsin Department of Health Services to use evidence based programs and promising strategies that focus on helping young families eat healthier and be more active; and

Whereas, The operation of this grant project from 10/01/10 to 09/30/12 would cost \$25,000 entirely provided by the grantor; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that application to the State of Wisconsin Department of Health Services is authorized and the Health Department shall accept this grant without further approval unless the terms of the grant change as indicated in Milwaukee Code of Ordinances Section 304-81; and, be it

Further Resolved, That the City Comptroller is authorized to:

1. Commit funds within the Project/Grant Parent of the 2011 Special Revenue-Grant and Aid Projects fund the following amounts for the program titled FIT Families Grant:

| | |
|---------------|---------------|
| Project/Grant | GR0001100000 |
| Fund | 0150 |
| Org | 9990 |
| Program | 0001 |
| BY | 0000 |
| Subclass | R999 |
| Acct | 000600 |
| Project | Grantor Share |
| Amount | \$25,000 |

2. Create the necessary Special Revenue Fund - Grant and Aid Project/Grant and Project level values; budget to these Project/Grant Values the amount required under the grant agreement; and, be it

Further Resolved, That these funds are budgeted to the Health Department which is authorized to:

1. Expend from the amount budgeted sums for specified purposes as indicated in the grant budget and incur costs consistent with the award date; and
2. Expend from the 2011 grant budget funds for training and out-of-town travel by departmental staff; and
3. Expend from the 2011 grant budget funds for specific items of equipment; and
4. Enter into subcontracts and leases as detailed in the grant budget; and, be it

Further Resolved, That the Common Council directs that the 2011 Positions Ordinance C.C. File Number 100414, should be amended as follows:

Under

HEALTH DEPARTMENT

Family and Community Health Services

Women's, Infant's and Children's Nutrition Program Grant (C)

DELETE:

Health Project Coordinator-WIC (X)(C)

2 positions

| | |
|-------------------------------|-------------|
| Nutritionist (X)(C) | 2 position |
| Dietetic Technician (X)(C) | 5 positions |
| Public Health Nurse (X)(G)(C) | 1 position |

ADD:

| | |
|------------------------------------------|------------|
| Health Project Coordinator-WIC (X)(C)(Q) | 1 position |
| Nutritionist (X)(C)(Q) | 2 position |
| Dietetic Technician (X)(C)(Q) | 6 position |
| Public Health Nurse (X)(G)(C)(Q) | 1 position |

ADD footnote (Q) to read as follows:

To expire 09/30/12 unless the FIT Families (WIC) from the State of Wisconsin Department of Health Services, is extended.

Requester
Health Department

Drafter
ymr
07-07-11
Fit Families Res 2011

GRANT ANALYSIS FORM

OPERATING & CAPITAL GRANT PROJECTS/PROGRAMS

Department/Division: **Health Department**

Contact Person & Phone No: **Nancy Castro, 286-8804**

Category of Request

☒ **New Grant**

☐ **Grant Continuation**

☐ **Change in Previously Approved Grant**

Previous Council File No.

Previous Council File No.

Project/Program Title: Fit Families Project

Grantor Agency: US Department of Agriculture, Food and Nutrition Services, Supplemental Nutrition Assistance Program Education (SNAP ED), through the State of Wisconsin Division of Health and Family Services

Grant Application Date: June 21, 2011

Anticipated Award Date: October 1, 2011

Please provide the following information:

1. Description of Grant Project/Program (Include Target Locations and Populations):

Fit Families is a public health nutrition program funded under the USDA's Supplemental Nutrition Assistance Program. Fit Families was designed in 2005 using evidence based and promising strategies that focus on helping young families eat healthier and be more active. Fit Families provides the framework for achieving healthy food and beverage consumption, daily physical activity, and healthy supportive environments.

Fit Families is designed for WIC and will target SNAP eligible WIC families at our Northwest Health Center, Keenan Health Center and Southside Health Center WIC programs.

2. Relationship to City-wide Strategic Goals and Departmental Objectives:

This program relates to the Milwaukee Health Department's objective of promoting the health of women and children. Specifically, this project will address the issue of obesity which is prevalent in our WIC population.

3. Need for Grant Funds and Impact on Other Departmental Operations (Applies only to Programs):

The grant funds will be used to cover personnel costs and will allow WIC to purchase program materials and incentives to achieve the projects objectives.

4. Results Measurement/Progress Report (Applies only to Programs):

Results will be collected, reported and evaluated and will be submitted for the USDA Education and Administrative Reporting System (EARS).

5. Grant Period, Timetable and Program Phase-out Plan:

The project will be implemented October 1, 2011 through September 30, 2012.

6. Provide a List of Subgrantees:

N/A

7. If Possible, Complete Grant Budget Form and Attach.

See attached.

CITY OF MILWAUKEE OPERATING GRANT BUDGET

PROJECT/PROGRAM TITLE: FIT Families WIC Grant
 CONTACT PERSON: Nancy Castro, X8804

PROJECT/PROGRAM YEAR: 2011

| NUMBER OF POSITIONS | | LINE DESCRIPTION | PAY RANGE NO. | GRANTOR SHARE | IN-KIND SHARE | CASH MATCH A/C # | TOTAL |
|---------------------|----------|----------------------------------------|---------------|---------------|---------------|------------------|---------------|
| NEW | EXISTING | | | | | | |
| | | PERSONNEL COSTS | | | | | |
| | 1 | Public Health Nurse (X) (G) (C) | 666 | 497 | | | 497 |
| | 2 | Nutritionist (X) (C) | 594 | 1,892 | | | 1,892 |
| | 6 | Dietetic Technician (X) (C) | 503 | 10,434 | | | 10,434 |
| | 1 | Health Project Coordinator-WIC (X)(C) | 5 | 1,171 | | | 1,171 |
| | | TOTAL PERSONNEL COSTS | | 13,994 | | | 13,994 |
| | | | | | | | |
| | | FRINGE BENEFITS | | | | | |
| | | Fringe Benefits 50% | | 6,997 | | | 6,997 |
| | | TOTAL FRINGE BENEFITS | | 6,997 | | | 6,997 |
| | | | | | | | |
| | | SUPPLIES AND MATERIALS | | | | | |
| | | Medical/Office Supplies | | 2,449 | | | 2,449 |
| | | TOTAL SUPPLIES AND MATERIALS | | 2,449 | | | 2,449 |
| | | | | | | | |
| | | SERVICES | | | | | |
| | | Utilities | | | | | 0 |
| | | TOTAL SERVICES | | 0 | | | 0 |
| | | | | | | | |
| | | CONTRACTUAL SERVICES | | | | | |
| | | Language Interpreter | | 1,560 | | | 1,560 |
| | | | | | | | 0 |
| | | TOTAL CONTRACTUAL SERVICES | | 1,560 | | | 1,560 |

| | | | | | | | |
|--|--|-------------------------|--|--------|--|--|--------|
| | | | | | | | |
| | | EQUIPMENT | | | | | |
| | | Miscellaneous Equipment | | | | | 0 |
| | | TOTAL EQUIPMENT COSTS | | 0 | | | 0 |
| | | | | | | | |
| | | INDIRECT COSTS | | | | | |
| | | | | 0 | | | 0 |
| | | TOTAL INDIRECT COSTS | | 0 | | | 0 |
| | | | | | | | |
| | | TOTAL COSTS | | 25,000 | | | 25,000 |

LRB-RESEARCH AND ANALYSIS SECTION

PUBLIC SAFETY COMMITTEE

JULY 14, 2011

ITEM 22, FILE # 110314

File Number 110314 is a resolution relating to application, acceptance and funding of the Fit Families Grant from the U.S. Department of Agriculture through the State of Wisconsin Department of Health Services.

Background

1. This resolution authorizes the Milwaukee Health Department (MHD) to accept a new grant funded by the U.S. Department of Agriculture, Food and Nutrition Services, Supplemental Nutrition Assistance Program Education (SNAP ED) program through the State of Wisconsin Department of Health Services.
2. The proposed funding will support MHD activities to assist young families to combine healthier eating habits and physical activity.
3. Targeted families eligible for Women, Infant and Children (WIC) program assistance will receive supportive services at 3 MHD health centers with the objective of addressing high obesity rates among the WIC population.

Discussion

1. This grant is for \$25,000, entirely grantor share funds, and will provide a small portion of support for 10 existing MHD positions including: 1 Public Health Nurse, 2 Nutritionists, 6 Dietetic Technicians and 1 Health Project Coordinator-WIC.
2. This grant is for the period of October 1, 2011, through September 30, 2012.
3. The Fit Families Grant budget is as follows:

| | |
|-----------------------|-----------|
| Personnel | \$ 13,994 |
| Fringe Benefits (50%) | 6,997 |
| Supplies | 2,449 |
| Language Interpreter | 1,560 |

Grant Total \$ 25,000

4. The resolution in File Number 110314 authorizes the City Comptroller to commit \$25,000 grantor share funds within the Project/Grant Parent of the 2011 Special Revenue-Grant and Aid Projects Fund and to create appropriate Special Revenue Fund-Grant and Aid Project/Grant and Project /Grant levels.
5. The resolution further authorizes the Health Department, consistent with the terms of the grant, to expend from these budgeted amounts and to incur costs consistent with the award documents including costs of travel and training, and to enter into subcontracts.

Fiscal Impact

1. The proposed funding is for \$25,000 and is entirely grantor share.
2. This resolution has no impact on the tax levy.

Prepared by: Richard Withers
LRB-Research and Analysis Section
July 12, 2011

Cc: W. Martin Morics Bevan Baker Raquel Filmanowitz
Yvette Rowe Nancy Castro Renee Joos
Jim Carroll



City of Milwaukee Fiscal Impact Statement

A

Date July 7, 2011 **File Number** 110314

Subject Substitute resolution relative to application, acceptance and funding of the FIT Families Grant from the State of Wisconsin Department of Health Services.

B

Submitted By (Name/Title/Dept./Ext.) Yvette M. Rowe, Business Operations Manager, Health, X3997

C

- This File**
- ☐ Increases or decreases previously authorized expenditures.
 - ☐ Suspends expenditure authority.
 - ☐ Increases or decreases city services.
 - ☐ Authorizes a department to administer a program affecting the city's fiscal liability.
 - ☐ Increases or decreases revenue.
 - ☒ Requests an amendment to the salary or positions ordinance.
 - ☐ Authorizes borrowing and related debt service.
 - ☐ Authorizes contingent borrowing (authority only).
 - ☒ Authorizes the expenditure of funds not authorized in adopted City Budget.

D

- This Note**
- ☐ Was requested by committee chair.

E

- Charge To**
- ☐ Department Account
 - ☐ Capital Projects Fund
 - ☐ Debt Service
 - ☐ Other (Specify) _____
 - ☐ Contingent Fund
 - ☐ Special Purpose Accounts
 - ☒ Grant & Aid Accounts

F

Assumptions used in arriving at fiscal estimate.

| G | | | |
|--------------------|------------------|-------------|----------|
| Purpose | Specify Type/Use | Expenditure | Revenue |
| Salaries/Wages | | | |
| | | | |
| Supplies/Materials | | | |
| | | | |
| Equipment | | | |
| | | | |
| Services | | | |
| | | | |
| Other | | \$25,000 | \$25,000 |
| | | | |
| TOTALS | | \$25,000 | \$25,000 |

| H | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately. | |
| <input type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years | _____ |
| <input type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years | _____ |
| <input type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years | _____ |

| I |
|--------------------------------------------------------|
| List any costs not included in Sections E and F above. |
| _____ |

| J |
|-------------------------|
| Additional information. |
| _____ |



Legislation Details (With Text)

File #: 110325 **Version:** 0
Type: Resolution **Status:** In Committee
File created: 7/6/2011 **In control:** FINANCE & PERSONNEL COMMITTEE
On agenda: **Final action:**
Effective date:

Title: Resolution authorizing the City Comptroller to transfer funds to various State or Federal Aid project subaccounts for the estimated remaining Wisconsin Department of Transportation and City of Milwaukee preliminary engineering costs being \$25,000 with the City's share being \$25,000 and the Grantor's share being \$0.00.

Sponsors: THE CHAIR

Indexes: BRIDGES, WISCONSIN DEPARTMENT OF TRANSPORTATION

Attachments: Comptroller's Certificate, Hearing Notice List

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|------------------------------------------|--------|-------|
| 7/6/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/8/2011 | 0 | PUBLIC WORKS COMMITTEE | HEARING NOTICES SENT | | |
| 7/8/2011 | 0 | PUBLIC WORKS COMMITTEE | HEARING NOTICES SENT | | |
| 7/13/2011 | 0 | PUBLIC WORKS COMMITTEE | RECOMMENDED FOR ADOPTION AND ASSIGNED TO | Pass | 5:0 |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
110325
Version
ORIGINAL
Reference
Sponsor
THE CHAIR
Title

Resolution authorizing the City Comptroller to transfer funds to various State or Federal Aid project subaccounts for the estimated remaining Wisconsin Department of Transportation and City of Milwaukee preliminary engineering costs being \$25,000 with the City's share being \$25,000 and the Grantor's share being \$0.00.

Analysis

This resolution authorizes the City Comptroller to transfer funds to the previously established subaccounts for the remaining Wisconsin Department of Transportation and City of Milwaukee's preliminary engineering costs being \$25,000. The City of Milwaukee's share is \$25,000 and the Grantor's share is \$0.00

Body

Whereas, The Common Council has previously adopted resolutions authorizing the City Comptroller to transfer funds to various State or Federal Aid project subaccounts for preliminary engineering; and

Whereas, Additional funds are, therefore, necessary for the estimated remaining Wisconsin Department of Transportation and City of Milwaukee preliminary engineering costs for these projects; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee that the City Comptroller is hereby directed to transfer funds to the project grant chartfields as follows:

Project Grant Value

State I.D. 2275-04-00

ST320071401

N.27 St to West Hopkins - W. Capital Dr.

City Share Non-Assessable Fund, Paving

ST320110000

Fund 0333

\$25,000

Grantor Share

\$0

Previously authorized for bridge Construction: \$153,485.85

Current estimated cost of total project (design and construction) including this resolution: \$178,485.85

Original estimated cost of total project (Resolution 071072): \$144,000.00

Summary of

Requestor

Department of Public Works

Drafter

Infrastructure Services Division

MK:amh

June 28, 2011

(1) Reso Vari Fed Sta Aid Pjec Saccou 010311.docx

Capital Grant Resolution Certification from the
Comptroller's Office

The Comptroller's Office has reviewed Common Council Resolution File No. 110325 for various projects' additional preliminary engineering costs associated with changes in costs during planning stage (City Share \$25,000.00; Grantor Share \$0) and approved the resolution as to:

- x Sufficiency of funds
- x Funding sources (per estimated **grant funding agreement**)
- x Sufficiency of reporting for purposes of internal auditing

The following deficiencies were noted:

The resolution should be corrected and returned to the Comptroller's Office for review.

Signature: C. Wisneski

Date: 6/28/11

2275-04-00 ST320071401 North 20th street from West Hopkins Street to West Capitol Drive



Legislation Details (With Text)

File #: 101245 **Version:** 1

Type: Ordinance **Status:** In Committee

File created: 2/8/2011 **In control:** FINANCE & PERSONNEL COMMITTEE

On agenda: **Final action:**

Effective date:

Title: A substitute ordinance relating to the bid preference for local business enterprises.

Sponsors: ALD. BOHL, ALD. HAMILTON

Indexes: EMERGING BUSINESS ENTERPRISES

Attachments: Hearing Notice List

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|---------------------------|--------|-------|
| 2/8/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 3/11/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |
| 3/11/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |
| 3/15/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |
| 3/15/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |
| 3/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HELD TO CALL OF THE CHAIR | Pass | 5:0 |
| 7/14/2011 | 1 | CITY CLERK | Sponsor added | | |
| 7/18/2011 | 1 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
101245

Version
SUBSTITUTE 1

Reference

Sponsor
ALD. BOHL and ALD. HAMILTON

Title
A substitute ordinance relating to the bid preference for local business enterprises.

Sections
365-3-1 rn
365-3-1 cr

| | |
|---------|----|
| 365-3-2 | rn |
| 365-3-4 | cr |
| 365-3-5 | cr |
| 365-3-6 | cr |
| 365-3-7 | cr |
| 365-7-1 | rc |

Analysis

Current code grants a local business enterprise a competitive bid preference of 5%. This preference means a local business enterprise is awarded a contract if its bid does not exceed the lowest bid received by more than 5% if that lowest bid was made by a non-local business enterprise. Current code does not require the local business enterprise to lower its bid to match the lowest bid.

This ordinance increases the local business enterprise's competitive bid preference to 10%. It also requires a preference-qualifying local business enterprise to lower its bid to meet the lowest bid before the local business enterprise can be awarded the contract.

Body

Whereas, The city desires to encourage and support local business, yet also must be mindful and prudent in spending city funds; and

Whereas, The city's current local business enterprise preference program, especially with regard to competitive bid contract awards, can result in the city paying as much as 5% more for goods and services than the city might otherwise pay; and

Whereas, Giving a local business enterprise bidding within 10% of the lowest bid an opportunity to win the contract by reducing its bid to match the lowest bid can be expected to support local business while saving money on city purchases; now, therefore

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. Section 365-3-1 and 2 of the code are renumbered 365-3-2 and 3.

Part 2: Section 365-3-1 and 4 to 7 of the code is created to read:

365-3. Definition.

- 1.** COMPETITIVE BID means a bid evaluated and awarded based on the dollar amount of the submitted bid.
- 4.** LOW BID means the lowest dollar amount of a bid submitted by bidder.
- 5.** LOWEST BID means the lowest dollar amount of a group of submitted bids.
- 6.** MATCH THE LOWEST BID means reducing a bidder's low bid to equal the lowest bid.
- 7.** PROPOSAL means the response from a request for proposal evaluated based on a point scale awarded the submitted proposal.

Part 3. Section 365-7-1 of the code is repealed and recreated to read:

365-7. Obligations of Contracting Departments.

1. CONTRACT AWARD.

- a. A contracting department, shall, unless contrary to federal, state or local law or regulation, award a competitive bid contract to a local business enterprise that is otherwise a responsive and responsible bidder, provided its low bid does not exceed the lowest bid by more than 10%, and the local business enterprise agrees to match the lowest bid.
- b. If the bids of 2 or more local business enterprises do not exceed the lowest bid by more than 10%, the contract shall be awarded to the local business enterprise that agrees to match the lowest bid, and, if more than one local business enterprise agrees to match the lowest bid, the contract is awarded to the local business enterprise which submitted a low bid that exceeds the lowest bid by the smallest dollar amount.
- c. If a bid submitted by a non-local business enterprise and a bid submitted by a local business enterprise tie for lowest bid, the contract shall be awarded to the local business enterprise. If the bids of 2 or more local business enterprises tie for lowest bid, or the low bid of 2 or more local business enterprises tie, and each local business enterprise agrees to match the lowest bid as provided in par. b, the contract shall be awarded based on the process established by the city purchasing director for breaking ties.
- d. A contracting department shall, unless contrary to federal, state or local law or regulation, apply an award standard in the composition of scales used to evaluate proposals submitted in response to formal requests for proposals to procure goods or services. An additional number of points, equal to 5% of the maximum number of points used in the evaluation, shall be applied to increase the total score attained by a local business enterprise.

LRB

APPROVED AS TO FORM

Legislative Reference Bureau

Date: _____

Attorney

IT IS OUR OPINION THAT THE ORDINANCE
IS LEGAL AND ENFORCEABLE

Office of the City Attorney

Date: _____

Requestor

Drafter

LRB 125033

Aaron Cadle

03/15/11

Clerical Correction- tb- 3-16-11

COMMITTEES

- Licenses, Chair
- Judiciary & Legislation
- Steering & Rules

BOARD MEMBER

- Milwaukee Survive Alive, Vice President
- VISIT Milwaukee



JAMES A. BOHL, JR.

Alderman, 5th District

July 7, 2011

City Attorney Grant Langley
City of Milwaukee
Room 716-Zeidler Municipal Building
Milwaukee, Wisconsin 53202

Re: Legal Opinion Request – Common Council File #101245
(Change in Local Business Enterprise Preference)

Dear Atty. Langley,

In light of the recent passage of the State budget, which I understand exempts road and sewer projects from Milwaukee's local business enterprise preference ordinance, I request the opinion of the City Attorney's Office on the legality and enforceability of Common Council File #101245.

This ordinance amends ss. 365-3 and 365-7 of the code by increasing a local business enterprise's bid preference to 10% and requiring a preference-qualifying local business enterprise to lower its bid to meet the lowest bid before it can be awarded the contract. Under current code, a contract is awarded to a local business enterprise that bids within 5% of the lowest bid at that higher bid price, thus increasing the City's costs for the project.

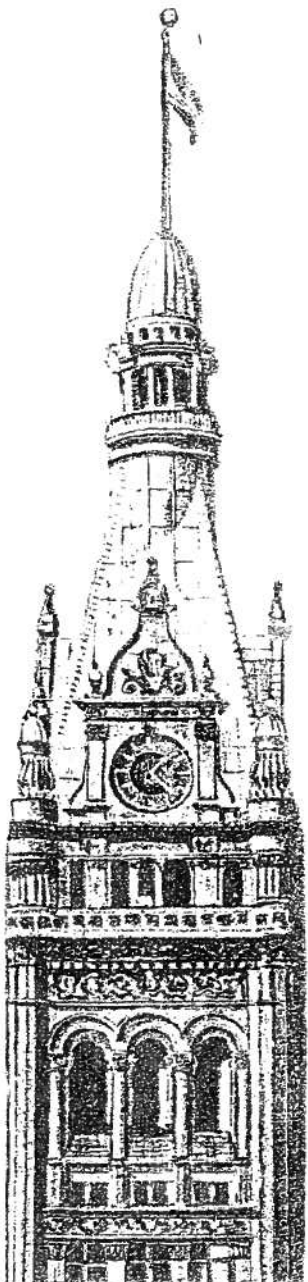
Attorney Kathy Block was consulted during the drafting of this ordinance, and I am attaching a copy of the file for your convenience.

Thank you for your prompt attention to this request.

Sincerely,

Ald. James Bohl Jr.
5th Aldermanic District

Attachment





Legislation Details (With Text)

File #: 100543 **Version:** 0
Type: Communication-Report **Status:** In Committee
File created: 9/1/2010 **In control:** FINANCE & PERSONNEL COMMITTEE
On agenda: **Final action:**

Effective date:

Title: Communication from the Department of Administration relating to the annual report of the local business enterprises activities contracting program.

Sponsors: THE CHAIR

Indexes:

Attachments: 2010 Annual Report, LBE Appeals Aug 2009 thru December 2010, Hearing Notice List

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|--------------------------------------------|-------------------------------------------------|--------|-------|
| 9/1/2010 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/13/2011 | 0 | COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE | HEARING NOTICES SENT | | |
| 7/18/2011 | 0 | COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE | RECOMMENDED FOR PLACING ON FILE AND ASSIGNED TO | Pass | 3:0 |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number

100543

Version

ORIGINAL

Reference

Sponsor

THE CHAIR

Title

Communication from the Department of Administration relating to the annual report of the local business enterprises activities contracting program.

Requestor

Drafter

DOA

rk

8/31/10

**City of Milwaukee
Department of Administration
Business Operations Division - Procurement Services**

LOCAL BUSINESS ENTERPRISE PROGRAM

2010 ANNUAL REPORT

Background

Milwaukee Code of Ordinances, Chapter 365 the Local Business Enterprise (LBE) Contracting Program was adopted in August 2009 to remedy *low* local business participation in the award of various city contracts as a result of detailed findings set forth in the *2005 Study to Determine the Effectiveness of the City's Emerging Business Enterprise Program*. According to the study, approximately 65% of the total contracting dollars during the study period were awarded to non Milwaukee County businesses from 2005 to 2008.

This statistic led to the development of the LBE Contracting Program which is designed to remedy low local business participation in the award of city contracts and to address the following:

- Provide an incentive to encourage local businesses that are likely to create more jobs for the city, and yield tax benefits that would be an advantage to the city and its economic development; and
- Benefit all city residents by alleviating the impact of unemployment and diminish the harm suffered by the city and city residents without a substantial increase in cost to the city.

LBE Program Administration

The LBE contracting program is administered by the City Purchasing Director of the Department of Administration (DOA) who is required to develop appropriate rules and procedures for city departments to ensure compliance. In addition, the City Purchasing Director is responsible for the coordination, monitoring and enforcement of the implementation of the program's goals in accordance with appropriate rules and procedures.

Requirements of City Departments

City contracting departments are required, unless contrary to federal state or local law or regulation, to apply an award standard in all bids so that a local business has an advantage in being awarded a contract, provided that its bid does not exceed the lowest bid by 5% or \$25,000. As it relates to Request for Proposals (RFPs), an additional number of points, equal to 5% of the maximum number of points used for evaluation, must be added to increase the total score attained by a local firm.

Local Business Enterprise (LBE) Qualifications

In order to qualify as a LBE, a business must meet the following criteria:

- Own or lease real property within the geographical boundaries of the City of Milwaukee.
- Has owned or leased real property and has been doing business within the geographical boundaries of the City of Milwaukee for at least one year.
- Is not delinquent in the payment of any local taxes, charges or fees, or has entered into an agreement to pay any delinquency and is abiding by the terms of the agreement.
- Will perform at least 10% of the monetary value of the work required under the awarded contract.

A business that seeks to qualify as a LBE must submit a *LBE Affidavit of Compliance* form to the contracting department verifying that the business meets the aforementioned criteria in order to qualify for the LBE incentive. In addition, it is important to point out that the LBE program is not a certification program. In order to qualify as a LBE, a business must submit the notarized affidavit with each individual bid or proposal in order to take advantage of the LBE bid award incentive.

Departmental LBE Contracting Activity: August 2009 – December 2010

Since the LBE contracting program was implemented in August 2009, a total of fourteen (14) contracts have been awarded to a local business through the 4th quarter of 2010 based on the LBE bid incentive. Nine (9) or approximately 71% of these contracts were awarded by the Department of Public Works (DPW) and the remaining 29% or five (5) contracts were awarded by the Department of Administration (DOA) and the Department of Neighborhood Services (DNS). The total number of LBE incentive contract awards by department through the 4th quarter of 2010 is identified in Table 1 below:

Table 1: Departmental LBE Incentive Contract Awards: 4th Quarter 2009 through 4th Quarter 2010

| 4th Quarter 2009 | 1st Quarter 2010 | 2nd Quarter 2010 | 3rd Quarter 2010 | 4th Quarter 2010 | Total |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------|
| DPW (2) | DOA (1) DPW (2) | DPW (2) | DOA (2) DPW (1) | DNS (2) DPW (2) | (14) |
| 2 | 3 | 2 | 3 | 4 | |

Contract Type and LBE Incentive Cost

The types of contracts that have been impacted by the LBE contract incentive award range from sanitary sewer and paving construction related contracts administered by the DPW to cable street lighting and electrical contracts administered by the DOA and demolition contracts administered by the DNS. The “cost” of the LBE bid incentive citywide since its implementation is approximately \$73K. In addition, approximately, \$65K or 88% of that amount is based on LBE contract awards by the DPW. Tables 2-6 illustrate the types of contracts that have been awarded based on the LBE incentive per quarter and the cost difference between the lowest complying bidder and the lowest non-LBE bidder.

Table 2: LBE Activity – 4th Quarter 2009

| Dept. | LBE Awardee | | | | Lowest Non-LBE Bidder | | \$ Difference |
|----------------------------------------|-------------------|------------|------------------------------|----------------|------------------------------------------------------------|---------------------------|--------------------|
| | LBE | Award Date | Contract # and Description | LBE Bid Amount | Non-LBE | Lowest Non-LBE Bid Amount | |
| DPW | M.J. Construction | 12/14/2009 | C523090143 Sanitary Sewer | \$234,996.50 | Underground Pipeline Construction <i>New Berlin, WI</i> | \$231,645.00 | \$3,351.50 |
| DPW | M.J. Construction | 12/14/2009 | C523090144 Sanitary Sewer | \$1,192,072.20 | American Sewer Services, Inc. <i>Rubicon, WI</i> | \$1,169,798.60 | \$22,273.60 |
| DPW Total | | | | | | | \$25,625.10 |
| 2009 - 4th Quarter: Grand Total | | | | | | | \$25,625.10 |

Table 3: LBE Activity – 1st Quarter 2010

| Dept. | LBE Awardee | | | | Lowest Non-LBE Bidder | | \$ Difference |
|----------------------------------------|-----------------------------|------------|--------------------------------------|----------------|-----------------------------------------------------|---------------------------|--------------------|
| | LBE | Award Date | Contract # and Description | LBE Bid Amount | Non-LBE | Lowest Non-LBE Bid Amount | |
| DPW | M.J. Construction | 1/19/2010 | C523100001 Sewer Main | \$547,633.00 | American Sewer Services, Inc. <i>Rubicon, WI</i> | \$538,222.00 | \$9,411.00 |
| DPW | M.J. Construction | 2/12/2010 | C641100008 Water Main | \$354,931.20 | American Sewer Services, Inc. <i>Rubicon, WI</i> | \$349,175.00 | \$5,756.20 |
| DPW Total | | | | | | | \$15,167.20 |
| DOA | Neher Electric Supply, Inc. | 3/26/2010 | PO 133462 Duct, PVC, Non-metallic | \$31,500.96 | Resco <i>Middleton, WI</i> | \$30,504.00 | \$996.96 |
| PSS Total | | | | | | | \$996.96 |
| 2010 - 1st Quarter: Grand Total | | | | | | | \$16,164.16 |

Table 4: LBE Activity – 2nd Quarter 2010

| Dept. | LBE Awardee | | | | Lowest Non-LBE Bidder | | \$ Difference |
|---------------------------------|-------------------|------------|------------------------------|----------------|-----------------------------------------------------|---------------------------|---------------|
| | LBE | Award Date | Contract # and Description | LBE Bid Amount | Non-LBE | Lowest Non-LBE Bid Amount | |
| DPW | Stark Asphalt | 4/14/2010 | C523100034 Paving Work | \$506,820.23 | D.C. Burbach, Inc. <i>Waukesha, WI</i> | \$497,143.07 | \$9,677.16 |
| DPW | M.J. Construction | 6/14/2010 | C641100065 Water Main Relays | \$602,865.60 | American Sewer Services, Inc. <i>Rubicon, WI</i> | \$600,880.50 | \$1,985.10 |
| DPW Total | | | | | | | \$11,662.26 |
| 2010 - 2nd Quarter: Grand Total | | | | | | | \$11,662.26 |

Table 5: LBE Activity – 3rd Quarter 2010

| Dept. | LBE Awardee | | | | Lowest Non-LBE Bidder | | \$ Difference |
|---------------------------------|-------------------|------------|---------------------------------------------|----------------|----------------------------------------------------------|---------------------------|---------------|
| | LBE | Award Date | Contract # and Description | LBE Bid Amount | Non-LBE | Lowest Non-LBE Bid Amount | |
| DPW | M.J. Construction | 8/6/2010 | C523100086 Sewer Main Relay | \$155,369.00 | United Sewer and Water <i>Menomonee Falls, WI</i> | \$150,012.00 | \$5,357.00 |
| DPW Total | | | | | | | \$5,357.00 |
| DOA | Price and Sons* | 8/6/2010 | Bid 2391 Cable, Street Ltg. Line 3 | \$67,200.00 | Graybar Electric <i>Milwaukee, WI</i> | \$63,924.00 | \$3,276.00 |
| DOA | Price and Sons* | 9/17/2010 | Bid 2392VC for Concrete Poles, Traffic Type | \$127,379.46 | Traditional Concrete, Inc. <i>Menomonee Falls, WI</i> | \$123,630.00 | \$3,749.46 |
| PSS Total | | | | | | | \$7,025.46 |
| 2010 - 3rd Quarter: Grand Total | | | | | | | \$12,382.46 |

Table 6: LBE Activity – 4th Quarter 2010

| Dept. | LBE Awardee | | | | Lowest Non-LBE Bidder | | \$ Difference |
|---------------------------------|----------------------------------|------------|------------------------------|----------------|-----------------------------------------------------|---------------------------|---------------|
| | LBE | Award Date | Contract # and Description | LBE Bid Amount | Non-LBE | Lowest Non-LBE Bid Amount | |
| DNS | Tyler Company, Inc. | 12/9/2010 | DNS-2010-39 Demolition | \$13,430.00 | Pitzka Wrecking <i>Waukesha, WI</i> | \$12,860.00 | \$570.00 |
| DNS | Sonag* Company | 12/14/2010 | DNS-2010-40 Demolition | \$12,250.00 | Cream City Wrecking <i>Menomonee Falls, WI</i> | \$12,128.00 | \$122.00 |
| DNS Total | | | | | | | \$692.00 |
| DPW | MJ Construction | 10/13/2010 | C523100116 Sewer Main Relay | \$115,420.85 | American Sewer Services, Inc. <i>Rubicon, WI</i> | \$110,333.30 | \$5,087.55 |
| DPW | Illingworth - Kilgust Mechanical | 11/16/2010 | C641100123 Water Supply Line | \$60,175.00 | Grunau Company <i>Oak Creek, WI</i> | \$58,460.00 | \$1,715.00 |
| DPW Total | | | | | | | \$6,802.55 |
| 2010 - 4th Quarter: Grand Total | | | | | | | \$7,494.55 |

***Note:** These LBE firms are also certified with the City's Emerging Business Enterprise (EBE) Program.

LBE Bid Award Appeals

In accordance with City Charter Ordinance 7-14-2b, any bidder who objects to the determination based on the consideration of a LBE bid award may appeal the recommendation by filing a written appeal with the public works commissioner. The commissioner shall schedule a hearing before the public works contract appeals committee which is comprised of the chair of the economic development committee or his or her designee, a member of the economic development committee selected by the chair and the director of administration or his or her designee to be held within 5 days of receipt of the appeal.

During the 1st full year of the program, DPW received a total of six (6) bid appeals from various bidders contesting a LBE award. The appeals were filed from several bidders that cited one or more of the following issues as the basis for their appeal(s):

- The LBE *bid awardee* did not own property within the City of Milwaukee.
- LBE award is in violation of Wis. Admin. Code SS NR 162.09(2).
- LBE preference is in violation of Wis. SS 281.58(8) (e).
- A monopoly situation has been created and has resulted in unfair profits to one firm.
- Since the project is funded with federal dollars, Federal Regulations, 40 CFR 31.36(c) (2) prohibits the use of local geographical preferences.

Appendix 1: *Summary of LBE Bid Award Appeals August 2009 thru December 2010* summarizes the bidding information regarding these appeals in detail. Although all of the appeals were denied, important lessons were learned through some of the appeal hearings which could assist with shaping a LBE contracting program that is more effective and efficient.

Conclusion

Although less than 20% of total bids awarded between August 2009 and December 2010 were based on the LBE incentive, a substantial number of local firms have attempted to qualify for the LBE bid incentive. Approximately 64% of the bids that were submitted included an LBE affidavit which may indicate that local firms are eager to participate in the program. To that end, this demonstrates that this may be an important contracting tool for local firms that play a key role in contributing to the growth of the local economy. In addition, it is also important to point out that several Emerging Business Enterprise (EBE) firms have been awarded prime contracts as a result of the LBE bid incentive. Hence, the LBE contracting program has also provided the city's EBE firms with a greater opportunity to build capacity and serve as prime contractors on city contracts.

Simultaneously, while the LBE contracting program can be viewed as a successful tool in assisting local and EBE firms, there is opportunity to make the program fiscally leaner and more efficient. Based on one year of solid data and experience, the following is recommended:

- The number of LBE incentive awards should be capped to three (3) times per year not to exceed \$30,000 per individual firm to ensure that there is more than one beneficiary of the LBE contracting program.
- The 10% performance cap should be raised to 60% to ensure that the local firm is performing the majority of the work and not subcontracting the work out to non-local firms.
- The program should be structured in such a way that small businesses are the primary beneficiaries of the program, as opposed to larger prime contractors that are more likely to obtain contracts with or without the LBE incentive.

Adopting the recommendations cited above should play a key role in addressing the following:

1. Reduce the number of repetitive LBE incentive based contract awards.
2. Reduce the overall fiscal impact of the program.
3. Create an additional tool for small businesses to grow and build capacity so that they can play a greater role in contributing to the local economy.

Appendix 1: Summary of LBE Bid Award Appeals August 2009 thru December 2010

| Appeal Hearing Date | Official Notice | Appellant Lowest Bidder | Appellant Bid Amount | Firm Location of Appellant #1 | Justification For Appeal | Winning Contractor (LBE) | LBE Bid Amount | Location of Winning Contractor | \$ Difference Between LBE and Low Bid |
|---------------------------|--------------------|------------------------------|-------------------------|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------|--------------------------------------|---------------------------------------------|
| 10/5/2009 | 124/2009 | Underground Pipeline Inc. | \$ 231,645.00 | New Berlin, WI | MJ Construction does not own property within the City of Milwaukee and has not paid any real estate taxes to the City. | MJ Construction | \$ 234,996.50 | Milwaukee, WI | \$ 3,351.50 |
| 10/5/2009 | 126/2009 | American Sewer Services | \$ 1,169,798.60 | Rubicon, WI | MJ Construction does not own property within the City of Milwaukee and has not paid any real estate taxes to the City. Awarding the contract to MJ Construction is in violation of Wis. Admin. Code § NR 162.09(2) , which prohibits earning an unfair and/or unreasonable profit. | MJ Construction | \$ 1,192,072.20 | Milwaukee, WI | \$ 22,273.60 |
| | | | | | The LBE preference is also in violation of Wis. Stat. § 281.58(8)(e). | | | | |
| 1/13/2010 | 142/2009 | American Sewer Services | \$ 538,222.00 | Rubicon, WI | A lawsuit challenging the legality of the local bid preference ordinance is still pending | MJ Construction | \$ 547,633.00 | Milwaukee, WI | \$ 9,411.00 |
| | | | | | The local bid preference ordinance has allowed MJ Construction to monopolize the work at a much higher profit margin than would otherwise be possible. | | | | |
| 2/10/2010 | 10-1/2010. | American Sewer Services | \$ 349,175.00 | Rubicon, WI | Wisconsin law requires competitive bids awarded to the lowest responsible bidder. | MJ Construction | \$ 354,931.20 | Milwaukee, WI | \$ 5,756.20 |
| | | | | | City Ordinance 365 does not govern this bid. | | | | |
| | | | | | A monopoly situation has been created and has resulted in unfair profits to one specific firm. | | | | |
| 4/19/2010 | 18-1/2010 | D.C. Burbach | \$ 497,143.07 | Waukesha, WI | They submitted the low bid | Stark Asphalt | \$ 506,820.23 | Milwaukee, WI | \$ 9,677.16 |
| 8/6/2010 | 105-2/2010 | United Sewer and Water | \$ 150,012.00 | Menomonee Falls, WI | Since the project is funded with Federal monies, Federal Regulations 40 CFR 31.36(c)(2) prohibits the use of local geographical preferences in the evaluation of bids. | MJ Construction | \$ 155,369.00 | Milwaukee, WI | \$ 5,357.00 |
| | | | | | | | | | \$ 55,826.46 |

Note*: All 6 appeals were denied.

Ref: LBE/LBE Appeals Aug.2009 thru Dec2010 FINAL(3).xls



Legislation Details (With Text)

File #: 110304 **Version:** 0
Type: Communication-Report **Status:** In Committee
File created: 7/6/2011 **In control:** FINANCE & PERSONNEL COMMITTEE
On agenda: **Final action:**
Effective date:

Title: Communication from the Department of Administration on the fiscal impact related to the award of contracts to low bidders in conjunction with the city's purchasing of American vehicles.
Sponsors: THE CHAIR
Indexes: AUTOMOBILES, BIDS, DEPARTMENT OF ADMINISTRATION
Attachments: Cover Letter, American Vehicle Purchase Summary 2010 and 2011

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 7/6/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
110304
Version
ORIGINAL
Reference
090430
Sponsor
THE CHAIR
Title

Communication from the Department of Administration on the fiscal impact related to the award of contracts to low bidders in conjunction with the city's purchasing of American vehicles.

Requestor

Drafter
DOA
rk
6/23/11



Department of Administration
Business Operations Division

Tom Barrett
Mayor

Sharon Robinson
Director of Administration

Rhonda U. Kelsey
City Purchasing Director

July 15, 2011

To the Honorable
Michael J. Murphy, Chair
Committee on Finance & Personnel
Common Council-City Clerk
City Hall Room 205
Milwaukee, WI 53202

Dear Alderman Murphy:

This letter is in regard to a communication file related to the fiscal impacts of the award of contracts to low bidders in conjunction with the city's purchasing of *American* made vehicles. More specifically, this letter is in regard to an update on Milwaukee Code of Ordinances, Chapter 310-18.3 – *Purchase of American Vehicles* that went into effect in January 2010.

The intent of Chapter 310-18.3 of the city's local code of ordinances seeks to complement the U.S. federal government's efforts to preserve and contribute to the success of the American automobile industry and it requires that the city only purchase light duty vehicles having at least 51% of the monetary value of the parts manufactured in the United States, and 51% of the vehicle assembled in the United States, or in the case of public safety vehicles, 51% of the monetary value of the parts manufactured in the United States.

The Business Operations Division (BOD) – Procurement Services Section (PSS) of the Department of Administration (DOA) is responsible for monitoring contracts for compliance with this section including the right to waive the requirement. Since the "Buy American Vehicle" ordinance has been in effect, approximately 96.0% or a total of 191 of the total number (199) of vehicle purchases have been made in compliance with Chapter 310-18.3. Conversely, only a small percentage (4.0%) of the total number (8) of city vehicle purchases has not been made in compliance with the ordinance.

The attached two spreadsheets (2010 & 2011 Light Duty Vehicle Purchases) prepared in partnership with the Department of Public Works (DPW) – Fleet Services Section provides a summary of 2010 and 2011 city vehicle purchases and details the reasons as to why a small percentage of city vehicle purchases have not been made in compliance with the "Buy American Vehicle" ordinance. These reasons range from lack of an American made equivalent and/or an unknown/unverifiable assembly location.

In closing, in spite of the small percentage of vehicles that have not been made in accordance with the "Buy American Vehicle" ordinance and the practical challenges that arise in working toward purchasing all *American* made vehicles in a global economy; the City has displayed an overall solid record of complying with the recently enacted "Buy American" vehicle ordinance.

Sincerely,

Rhonda U. Kelsey
City Purchasing Director

c: Alderman Bob Bauman, Vice Chair
Alderman Joe A. Dudzik
Alderman Milele A. Coggs
Alderman Nik Kovac

2010 Light Duty Vehicle Purchases - Manufacturer/Parts Content Origin

2010 Cars/Light Trucks

| Dept. | Qty | Make | Model | Per Unit Cost | Total | Parts Content Percent | Origin | Assembly | Waiver | Notes |
|---------|-----|-----------|-------------------------------|---------------|-------------|-----------------------|-----------|----------|--------|-------|
| Fleet | 2 | Honda | Insight Hybrid | \$20,911 | \$41,822 | 100.0% | Japan | Japan | Yes | * |
| Fleet | 3 | Ford | Ranger Pickup | \$18,834 | \$56,502 | 77.0% | US | US | No | |
| Fleet | 1 | Ford | F-250HD 4x2 Pickup | \$24,375 | \$24,375 | 88.7% | US | US | No | |
| Fleet | 2 | Ford | F-250HD 4x4 Pickup | \$32,298 | \$64,596 | 88.7% | US | US | No | |
| Fleet | 8 | Ford | F-350 Utility Pickup Chassis | \$27,401 | \$219,208 | 94.3% | US | US | No | |
| Fleet | 1 | Ford | F-350 Stake Body Chassis | \$20,995 | \$20,995 | 94.3% | US | US | No | |
| Fleet | 3 | Ford | F-350 Utility Pickup Chassis | \$30,022 | \$90,066 | 94.3% | US | US | No | |
| Fleet | 2 | Dodge | Caravan Cargo Van | \$20,966 | \$41,932 | 82.0% | US/Canada | Canada | Yes | ** |
| Fleet | 2 | Ford | E-350 Cargo Van | \$22,093 | \$44,186 | 91.0% | US | US | No | |
| Fleet | 1 | Ford | E-350 Cutaway Chassis/Utility | \$54,000 | \$54,000 | 91.0% | US | US | No | |
| Parking | 2 | Jeep | Parking Checker Jeep | \$31,068 | \$62,136 | 78.0% | US/Canada | US | Yes | *** |
| Parking | 1 | Ford | Escape Hybrid 4x4 | \$30,831 | \$30,831 | 87.9% | US | US | No | |
| Parking | 1 | Ford | F-250HD 4x4 Pickup | \$30,325 | \$30,325 | 88.7% | US | US | No | |
| Sewer | 1 | Ford | F-550 Dump Chassis | \$27,445 | \$27,445 | 94.3% | US | US | No | |
| Sewer | 1 | Ford | E-350 Cargo Van | \$22,093 | \$22,093 | 91.0% | US | US | No | |
| Water | 2 | Ford | Escape Hybrid FWD | \$29,197 | \$58,394 | 87.9% | US | US | No | |
| Water | 3 | Ford | F-550 Utility Pickup Chassis | \$35,342 | \$106,026 | 94.3% | US | US | No | |
| Water | 19 | Ford | E-350 Cargo Van | \$27,130 | \$515,470 | 91.0% | US | US | No | |
| Police | 3 | Chevrolet | Impala Squad Car | \$20,271 | \$60,813 | 52.2% | US | Canada | No | |
| Police | 2 | Dodge | Charger Squad Car | \$22,201 | \$44,402 | 70.0% | US/Canada | Canada | No | |
| Police | 51 | Ford | Crown Victoria Squad Car | \$22,442 | \$1,144,542 | 72.9% | US | Canada | No | |
| Police | 7 | Ford | Explorer Trucks | \$25,896 | \$181,272 | 77.0% | US | US | No | |
| Police | 5 | Ford | E-350 Cargo Van | \$29,971 | \$149,855 | 91.0% | US | US | No | |

2010 Total 123

| 2010 Light Duty Vehicle Purchases - All Departments | | \$3,091,286 | |
|-----------------------------------------------------|--------|-------------|-------|
| 55 Units | City | \$1,510,402 | 48.9% |
| 68 Units | Police | \$1,580,884 | 51.1% |

| | | |
|------------------------------------|-------------------|--------------|
| Total Compliant w/Ordinance | 117 of 123 | 95.1% |
|------------------------------------|-------------------|--------------|

*Note: There is no "American made" equivalent.

**Note: The only alternative to the Dodge Caravan Cargo van is the Ford Transit Connect made in Germany.

2011 Light Duty Vehicle Purchases - Manufacturer/Parts Content Origin

2011 Cars/Light Trucks

| Dept. | Qty | Make | Model | Per | | Parts Content | | Assembly | Waiver | Notes |
|---------|-----|-----------|--------------------------|-----------|-----------|---------------|-----------|-----------|--------|-------|
| | | | | Unit Cost | Total | Percent | Origin | | | |
| Fleet | 3 | Ford | Ranger Pickup | \$18,834 | \$56,502 | 77.0% | US | US | No | |
| Fleet | 2 | Dodge | Caravan Cargo Van | \$20,966 | \$41,932 | 82.0% | US/Canada | Canada | Yes | * ** |
| Parking | 1 | Ford | Ranger Pickup | \$18,834 | \$18,834 | 77.0% | US | US | No | |
| Police | 5 | Ford | Focus 4-Door Car | \$15,400 | \$77,000 | 66.0% | US | US | No | |
| Police | 1 | Chevrolet | Impala Car | \$18,935 | \$18,935 | 49.6% | US | Canada | No | |
| Police | 4 | Chevrolet | Impala Squad Car | \$20,596 | \$82,384 | 51.2% | US | Canada | No | |
| Police | 3 | Chevrolet | Caprice Squad Car | \$26,976 | \$80,928 | 5.0% | US | Australia | No | |
| Police | 28 | Ford | Crown Victoria Squad Car | \$22,059 | \$617,652 | 72.9% | US | Canada | No | |
| Police | 15 | Ford | Crown Victoria Squad Car | \$23,032 | \$345,480 | 72.9% | US | Canada | No | |
| Police | 3 | Chevrolet | Tahoe Squad | \$27,344 | \$82,032 | 56.9% | US | US | No | |
| Police | 4 | Ford | Explorer Trucks | \$25,883 | \$103,532 | 77.0% | US | US | No | |
| Police | 1 | Chevrolet | 4x4 Suburban | \$38,633 | \$38,633 | 54.0% | US | US | No | |
| Police | 2 | Dodge | Caravan Cargo Van | \$20,334 | \$40,668 | 82.0% | US/Canada | Canada | No | * ** |
| Police | 2 | Dodge | Caravan Passenger Van | \$25,640 | \$51,280 | 82.0% | US/Canada | Canada | No | ** |
| Police | 2 | Dodge | Nitro SUV | \$19,798 | \$39,596 | 82.0% | US/Canada | US | No | ** |

2011 Total 76

| 2011 Light Duty Vehicle Purchases - All Departments | | \$1,695,388 | |
|-----------------------------------------------------|--------|-------------|-------|
| 6 Units | City | \$117,268 | 6.9% |
| 70 Units | Police | \$1,578,120 | 93.1% |

| | | |
|-----------------------------|----------|-------|
| Total Compliant w/Ordinance | 74 of 76 | 97.4% |
|-----------------------------|----------|-------|

*Note: The only alternative to the Dodge Caravan Cargo van is the Ford Transit Connect made in Germany.

**Note: Dodge does not provide % of US vs. Canada parts content



Legislation Details (With Text)

| | | | |
|------------------------|-------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------------------|
| File #: | 110217 | Version: | 0 |
| Type: | Communication | Status: | In Committee |
| File created: | 5/24/2011 | In control: | FINANCE & PERSONNEL COMMITTEE |
| On agenda: | | Final action: | |
| Effective date: | | | |
| Title: | Communication from the Community Development Grants Administration relating to Community Development Entitlement funds. | | |
| Sponsors: | ALD. DAVIS | | |
| Indexes: | COMMUNITY BLOCK GRANT ADMINISTRATION, COMMUNITY DEVELOPMENT, COMMUNITY DEVELOPMENT BLOCK GRANT | | |
| Attachments: | 2011 Final Funding Allocation Plan (FAP), Hearing Notice List | | |

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|--------------------------------------------|-------------------------------------------------|--------|-------|
| 6/2/2011 | 0 | COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE | HEARING NOTICES SENT | | |
| 6/6/2011 | 0 | COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE | RECOMMENDED FOR PLACING ON FILE AND ASSIGNED TO | Pass | 4:0 |
| 6/24/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |
| 6/24/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |
| 6/24/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |
| 6/24/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |
| 6/29/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HELD TO CALL OF THE CHAIR | Pass | 5:0 |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
110217
Version
ORIGINAL
Reference

Sponsor
ALD. DAVIS
Title
Communication from the Community Development Grants Administration relating to Community Development Entitlement funds.

Requestor

Drafter
jro
06/01/11



City of Milwaukee- Community Development Grants Administration

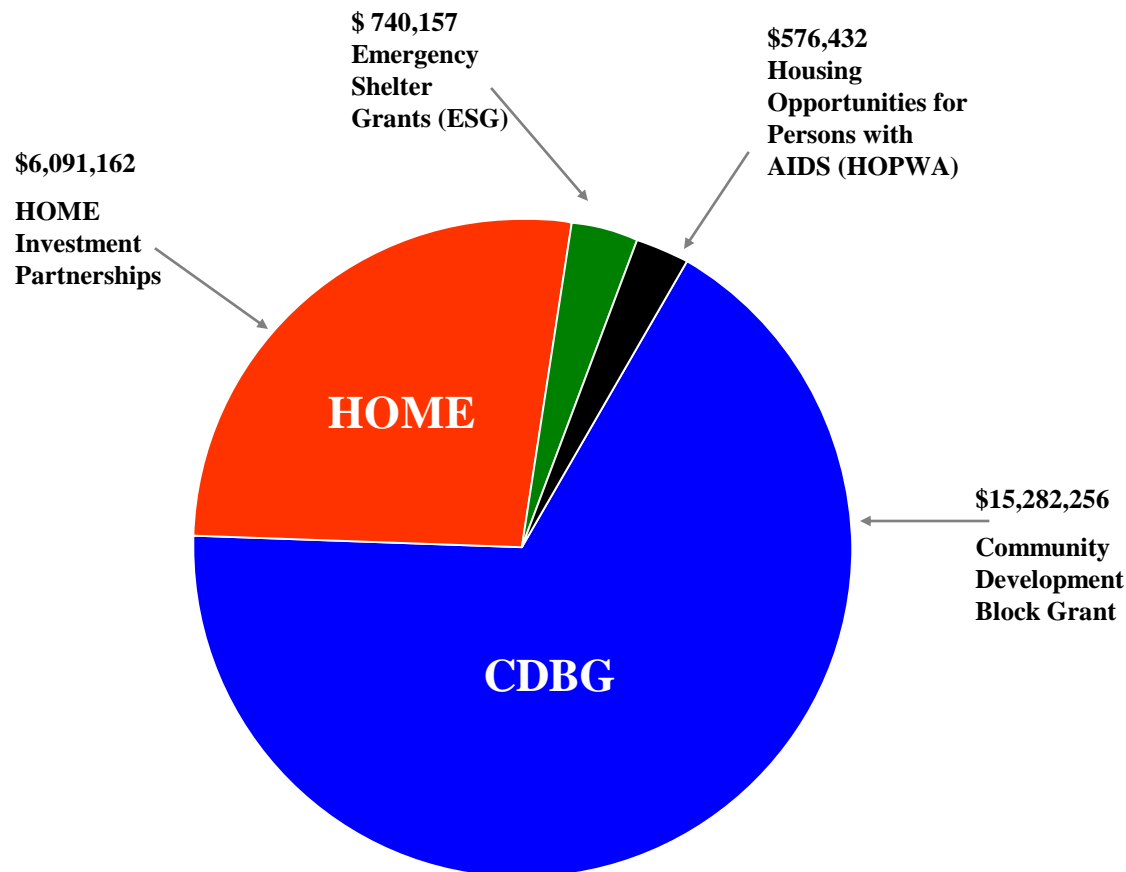
2011 Final
Funding Allocation Plan (FAP)



CDBG
Milwaukee



2011 Final City of Milwaukee Block Grant Entitlement Allocation



2011 Final Federal Entitlement Allocation

| | |
|----------------------------------------------------|-------------------|
| Community Development Block Grant (CDBG) | \$ 15,282,256 |
| HOME Investment Partnership (HOME) | \$ 6,091,162 |
| Emergency Shelter Grants Program (ESG) | \$ 740,157 |
| Housing Opportunities for People with AIDS (HOPWA) | <u>\$ 576,432</u> |
| Total | \$ 22,690,007 |

Timeline of Events

- **The Fiscal Year (FY) 2011 Budget assumed \$18.2 million in CDBG funding for the City of Milwaukee. (November 15, 2010)**
- **The United States House of Representatives votes to retroactively cut the CDBG appropriation by 62.5% from FY 2010 levels. (February 23, 2011)**
- **After seven continuing resolutions The United States Congress cuts the U.S. Department of Housing and Urban Development's CDBG FY 2011 Budget by 16.5%. (April 15, 2011)**
- **The FY 2011 City of Milwaukee CDBG allocation is reduced from \$18.2 million to \$15.2 million, a \$2.9 million reduction.**

FY 2011 Budget Comparison

Proposed 2011 Allocations

| <u>CDBG</u> | <u>HOME</u> | <u>ESG</u> | <u>HOPWA</u> | <u>TOTAL</u> |
|--------------|-------------|------------|--------------|--------------|
| \$18,200,000 | \$6,800,000 | \$740,186 | \$574,936 | \$26,315,122 |

2011 Final Entitlement Funding

| | | | | |
|---------------------|--------------------|------------------|------------------|---------------------|
| <u>\$15,282,256</u> | <u>\$6,091,162</u> | <u>\$740,157</u> | <u>\$576,432</u> | <u>\$22,690,007</u> |
|---------------------|--------------------|------------------|------------------|---------------------|

Surplus/-Shortage

| | | | | |
|---------------|-------------|--------|----------|---------------|
| -\$ 2,986,784 | -\$ 800,618 | -\$ 29 | \$ 1,496 | -\$ 3,625,115 |
| -16.03% | -10.42% | 0.00% | .35% | -13.78% |

Summary of FY 2011 Proposed CDBG Budget Offset, as detailed within file 101581

- **CDGA proposes to utilize unobligated 2010 CDBG funds in the amount of \$1,604,745 to partially offset the funding shortfall.**
- **An across-the-board reduction of 9.4% shall be made to the CDBG programs in the Planning category in order to comply with the 20% Planning Cap.**
- **An across-the-board reduction of 9.2% shall be made to all other CDBG programs, with the following exceptions:**

Department of Administration, Community Mapping and Analysis for Safety Strategies (COMPASS) Program: Reduction of 18%

Milwaukee Fire Department, Firefighters out Creating Urban Safety (FOCUS) Program: Reduction of 25%



Legislation Details (With Text)

File #: 110409 **Version:** 0
Type: Communication to Finance **Status:** In Committee
File created: 7/6/2011 **In control:** FINANCE & PERSONNEL COMMITTEE
On agenda: **Final action:**
Effective date:

Title: A communication from the Department of Employee Relations relating to changes to be made to the Salary Ordinance for employee's represented by the Association of Law Enforcement Allied Services Personnel, Local #218, I.U.P.A., AFL-CIO and the Milwaukee Police Association, Local 21, I.U.P.A., AFL-CIO, Police Aide Unit.

Sponsors: THE CHAIR

Indexes: LABOR CONTRACTS, POLICE DEPARTMENT, SALARY ORDINANCE

Attachments: Report, Fiscal Impact Statement

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 7/6/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
110409
Version
ORIGINAL
Reference

Sponsor
THE CHAIR
Title

A communication from the Department of Employee Relations relating to changes to be made to the Salary Ordinance for employee's represented by the Association of Law Enforcement Allied Services Personnel, Local #218, I.U.P.A., AFL-CIO and the Milwaukee Police Association, Local 21, I.U.P.A., AFL-CIO, Police Aide Unit.

.
Requestor
DER-Labor Relations Division
Drafter:
NMF
7/12/11
2010 chart ord.rtf
labr\DC48\2007-09,2010-11 implement



Department of Employee Relations

Tom Barrett
Mayor

Maria Monteagudo
Director

Michael Brady
Employee Benefits Director

Troy M. Hamblin
Labor Negotiator

July 18, 2011

To the Honorable
The Committee on Finance and Personnel
Common Council
City of Milwaukee

Dear Committee Members: Re: Common Council File Number 110409

- Analysis -

This report recommends adoption of a provision that eliminates pay progression for the Association of Law Enforcement Allied Services Personnel, Local #218, IUPA, AFL-CIO (Police Support Services Personnel) and Milwaukee Police Association Local #21, IUPA, AFL-CIO (Police Aide Unit) for the remainder of 2011. These changes shall be effective Pay Period 18, 2011 (August 21, 2011).

This report recommends adoption of a provision that eliminates pay progression for the Association of Law Enforcement Allied Services Personnel, Local #218, IUPA, AFL-CIO (Police Support Services Personnel) and Milwaukee Police Association Local #21, IUPA, AFL-CIO (Police Aide Unit) for the remainder of 2011. These changes shall be effective Pay Period 18, 2011 (August 21, 2011).

Action Needed – Effective Pay Period 18 (August 21, 2011)

In the 2011 Salary Ordinance:

Under Part I, Sec. 3 delete the current heading and add the following “Operations, Maintenance, Laboring, and related classes (District Council 48, AFSCME; ALEASP)”

Add the following statement: “Effective Pay Period 18, 2011 through Pay Period 26, 2011 employees represented by ALEASP shall not have any pay step advancement.”

Under Sec. 4 add the following statement: “Effective Pay Period 18, 2011 through Pay Period 26, 2011 employees represented by ALEASP shall not have any pay step advancement.”

Under Sec. 5 add the following statement: “Effective Pay Period 18, 2011 through Pay Period 26, 2011 employees represented by ALEASP shall not have any pay step advancement.”

Under Sec. 6 add the following statement: "Effective Pay Period 18, 2011 through Pay Period 26, 2011 employees represented by the Police Aide Unit, Local 21, of the Milwaukee Police Association shall not have any pay step advancement."

Under Sec. 7 add the following statement: "Effective Pay Period 18, 2011 through Pay Period 26, 2011 employees represented by ALEASP shall not have any pay step advancement."

Under Sec. 8 add the following statement: "Effective Pay Period 18, 2011 through Pay Period 26, 2011 employees represented by ALEASP shall not have any pay step advancement."

Under Sec. 9 add the following statement: "Effective Pay Period 18, 2011 through Pay Period 26, 2011 employees represented by ALEASP shall not have any pay step advancement."

Under Sec. 23 delete the current heading and add the following "Hourly, Part-time, Intermittent; Miscellaneous Personnel (classes paid biweekly are represented by District Council 48, AFSCME; ALEASP; or are Nonrepresented)"

Add the following statement: "Effective Pay Period 18, 2011 through Pay Period 26, 2011 employees represented by ALEASP shall not have any pay step advancement."

Under Part II, Sec. 2, add the following statement: "Effective Pay Period 18, 2011 through Pay Period 26, 2011 employees represented by ALEASP or the Police Aide Unit, Local 21, of the Milwaukee Police Association shall not have any pay step advancement." prior to the last sentence in the paragraph beginning with "Salary Advancement Non-Management Employees" and prior to the last sentence in the paragraph beginning with "Timing of Salary Advancement – Nonmanagement Employees:".

Add the following statement: "Effective Pay Period 18, 2011 through Pay Period 26, 2011 employees represented by ALEASP shall not have any pay step advancement." prior to the last sentence in the paragraph beginning with "Hourly Employees – Rates of Pay – Salary Advancement".

Under Sec. 3 add the following statement: "Effective Pay Period 18, 2011 through Pay Period 26, 2011 employees represented by ALEASP shall not have any pay step advancement." prior to the last sentence in the paragraph beginning with "Candidates with Master's Degrees".

Sincerely,



MARIA MONTEAGUDO
Employee Relations Director

MM:fcw

Attachment: Fiscal Note



City of Milwaukee Fiscal Impact Statement

A

Date 7-13-11 **File Number** 110409

Subject A communication from the Department of Employee Relations relating to changes to the Salary Ordinance for employee's represented by the Association of Law Enforcement Allied Services Personnel, Local #218, I.U.P.A., AFL-CIO, (ALEASP) and the Milwaukee Police Association, Local #21, I.U.P.A., AFL-CIO, (Police Aide Unit).

B

Submitted By Nicole Fleck/Labor Relations Officer/Employee Relations/x3371
(Name/Title/Dept./Ext.)

C

- This File**
- ☒ Increases or decreases previously authorized expenditures.
 - ☐ Suspends expenditure authority.
 - ☐ Increases or decreases city services.
 - ☐ Authorizes a department to administer a program affecting the city's fiscal liability.
 - ☐ Increases or decreases revenue.
 - ☐ Requests an amendment to the salary or positions ordinance.
 - ☐ Authorizes borrowing and related debt service.
 - ☐ Authorizes contingent borrowing (authority only).
 - ☐ Authorizes the expenditure of funds not authorized in adopted City Budget.

D

- This Note**
- ☐ Was requested by committee chair.

E

- Charge To**
- ☒ Department Account
 - ☐ Capital Projects Fund
 - ☐ Debt Service
 - ☐ Other (Specify) _____
 - ☐ Contingent Fund
 - ☐ Special Purpose Accounts
 - ☐ Grant & Aid Accounts

F

Assumptions used in arriving at fiscal estimate.

G

| Purpose | Specify Type/Use | Expenditure | Revenue |
|--------------------|-------------------------------------|-------------|----------|
| Salaries/Wages | Elimination of Pay Step Advancement | | \$16,756 |
| | | | |
| Supplies/Materials | | | |
| | | | |
| Equipment | | | |
| | | | |
| Services | | | |
| | | | |
| Other | | | |
| | | | |
| TOTALS | | | \$16,756 |

H

For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately.

☐ 1-3 Years ☐ 3-5 Years

☐ 1-3 Years ☐ 3-5 Years

☐ 1-3 Years ☐ 3-5 Years

I

List any costs not included in Sections E and F above.

The savings association with ALEASP is included in the Fiscal Note for file #070011.

J

Additional information.



Legislation Details (With Text)

File #: 070011 **Version:** 1

Type: Resolution **Status:** In Committee

File created: 4/17/2007 **In control:** FINANCE & PERSONNEL COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Substitute resolution extending certain terms of an agreement between the City of Milwaukee and the Association of Law Enforcement Allied Services Personnel, Local #218, I.U.P.A., AFL-CIO, Police Support Services Personnel.

Sponsors: THE CHAIR

Indexes: AGREEMENTS, LABOR CONTRACTS

Attachments: July 2011 Dept. of Employee Relations Cover Letter, March 2007 Dept. of Employee Relations Cover Letter, Summary of Wage and Fringe Benefit Modifications, Budget and Management Division Response, Fiscal Impact Statement

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 4/17/2007 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 4/18/2007 | 0 | FINANCE & PERSONNEL COMMITTEE | REFERRED TO | | |
| 7/18/2011 | 1 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
070011
Version
SUBSTITUTE 1
Reference

Sponsor
THE CHAIR
Title

Substitute resolution extending certain terms of an agreement between the City of Milwaukee and the Association of Law Enforcement Allied Services Personnel, Local #218, I.U.P.A., AFL-CIO, Police Support Services Personnel.

Analysis

This resolution establishes that, for employees represented by the Association of Law Enforcement Allied Services Personnel, Local #218, I.U.P.A., AFL-CIO, Police Support Services Personnel, the terms and conditions of Articles 14, 19-25, 26 (except as modified by Common Council File Numbers 101246 and 110174), 27, 29-33, 35-38, 41, 42 and 44 of the contract which expired on December 31, 2006, shall remain in effect for the remainder of 2011. The resolution also establishes that these represented employees shall receive healthcare benefits, including the cost of coverage, identical to those of City management employees effective September 1, 2011, to December 31, 2011. Finally, the resolution establishes that these represented employees are required to participate in direct deposit of paychecks according to City code provisions beginning September 1, 2011.

Body

Whereas, The most recent agreement between the City of Milwaukee and the Association of Law

Enforcement Allied Services Personnel, Local #218, I.U.P.A., AFL-CIO, Police Support Services Personnel, expired December 31, 2006; and

Whereas, Healthcare benefits will change for employees represented by the Association of Law Enforcement Allied Services Personnel, Local #218, I.U.P.A., AFL-CIO, Police Support Services Personnel; and

Whereas, Under state law, the City is no longer required to engage in collective bargaining with the Association of Law Enforcement Allied Services Personnel, Local #218, I.U.P.A., AFL-CIO, Police Support Service Personnel, other than on the subject of total base wages, as defined in state law; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the terms and conditions of Articles 14, 19-25, 26 (except as modified by Common Council File Numbers 101246 and 110174), 27, 29-33, 35-38, 41, 42 and 44 of the contract agreement between the City and the Association of Law Enforcement Allied Services Personnel, Local #218, I.U.P.A., AFL-CIO, Police Support Services Personnel, which expired on December 31, 2006, shall remain in effect for the remainder of 2011; and, be it

Further Resolved, That employees represented by the Association of Law Enforcement Allied Services Personnel, Local #218, I.U.P.A., AFL-CIO, Police Support Services Personnel, shall receive healthcare benefits, including the cost of coverage, identical to those received by City management employees beginning September 1, 2011, for the remainder of 2011; and, be it

Further Resolved, That employees represented by the Association of Law Enforcement Allied Services Personnel, Local #218, I.U.P.A., AFL-CIO, Police Support Services Personnel, shall be required to participate in direct deposit of paychecks according to s. 350-204, Milwaukee Code of Ordinances beginning September 1, 2011.

Requester

Department of Employee Relations

Drafter

LRB130964-2

Mary E. Turk

7/13/11



Department of Employee Relations

Tom Barrett
Mayor

Maria Monteagudo
Director

Michael Brady
Employee Benefits Director

Troy M. Hamblin
Labor Negotiator

July 13, 2011

To The Honorable
The Committee on Finance
and Personnel
Common Council
City of Milwaukee

Dear Committee Members:

Re: Common Council File 070011

DER-Labor Relations Division proposes changes to the salary and fringe benefits provided to employees represented by the Association of Allied Services Personnel (ALEASP), Local #218, I.U.P.A., AFL-CIO (Police Support Services Personnel). These changes shall be consistent with benefits provided to other City employee groups.

A copy of the resolution approving the salary and fringe benefit changes, a summary of the changes, and a fiscal note are attached.

It is recommended that the attached resolution be approved.

Sincerely,

Troy M. Hamblin
Labor Negotiator

TMH:NMF

Attachments

Cc: Chief Edward Flynn
Valarie Williams
Dan Thomas

070011 F&P ltr
labr/alea-clc/Post BRB

March 16, 2007

Mr. James Owczarski
Deputy City Clerk
City Clerk's Office
City Hall, Room 205
City of Milwaukee

Dear Mr. Owczarski:

The City of Milwaukee has commenced or will soon commence negotiations for terms and conditions of the 2007 Labor Agreements with the following City unions:

- Milwaukee District Council 48, AFSCME, AFL-CIO
- Public Employees' Union Local #61, LIUNA, AFL-CIO, CLC
- SEIU District 1199W/United Professionals For Quality Health Care
- Joint Bargaining Unit Local #139, I.O.U.E., AFL-CIO, and District Council #48, AFSCME, AFL-CIO
- Association of Law Enforcement Allied Services Personnel, Local #218, I.U.P.A., AFL-CIO, (Police Support Services Personnel)
- Milwaukee Police Supervisors' Organization
- Milwaukee Police Association, Local #21, I.U.P.A., AFL-CIO
- Milwaukee Police Association, Local #21, I.U.P.A., AFL-CIO, (Police Aide Unit)
- Milwaukee Professional Fire Fighters' Association, Local #215, IAFF, AFL-CIO
- International Association of Machinist and Aerospace Workers, District #10, AFL-CIO
- Milwaukee Building and Construction Trades Council
- Association of Scientific Personnel
- Local #195, International Brotherhood of Electrical Workers, AFL-CIO
- Local #75, Journeymen Plumbers and Gas-Fitters Union, AFL-CIO
- Technicians, Engineers and Architects of Milwaukee (TEAM)
- Local #494, International Brotherhood of Electrical Workers, AFL-CIO, (Machine Shop)
- Local #494, International Brotherhood of Electrical Workers, AFL-CIO, (Electrical Group)
- Association of Municipal Attorneys
- Local #494, International Brotherhood of Electrical Workers, AFL-CIO (Fire Equipment Dispatchers-FEDS)

In order to implement any Labor Agreement, a Common Council resolution ratifying and confirming all final terms has to be approved. Please open files for this purpose to cover each individual City Union listed above, for example:

“XXXXXX - Resolution to ratify and confirm the final agreement between the City of Milwaukee and (insert union name)”.

Should you have any questions, please contact Joe Alvarado of my staff at extension 2105. Thank you for your cooperation in this matter.

Sincerely

Troy M. Hamblin
Labor Negotiator

TMH:JAA:lk

Open negotiation letter_ City Clerk_3-16-07
labr/lbr

**Summary of Wage and Fringe Benefit Modifications
For Employees Represented by
Association of Law Enforcement Allied Service Personnel
CC file #070011**

1. Health Insurance:
 - a. HMO: Effective September 1, 2011, implement an office visit co-payment of \$10 (waived for preventive care and disease management visits) and an emergency room co-payment increase to \$50 (from \$25). Implement a 3-tier drug card with co-payments of \$5/\$17/\$25. Legend drug co-payment shall be \$5. A 90-day mail order supply shall be available for a 60-day co-payment. Implement a monthly employee contribution of \$20 single/\$40 family.
2. Pension Benefits:
 - a. Creditable service for active military service, as provided in 36-04-2-c, shall be extended to employees represented by the Union who participate in the combined fund and who retire on a service retirement on and after January 1, 2007.
 - b. New employees hired on or after October 3, 2011 shall be required to pay member contributions equal to 5.5%.
3. Base Salary:
 - a. Effective Pay Period 18, 2011 there shall be no pay step advancement.
 - b. As soon as administratively practicable all employees who are capable of maintaining a financial relationship with a banking institution shall participate in direct deposit of pay checks.



Office of the Comptroller

W. Martin Morics, C.P.A.
Comptroller

Michael J. Daun
Deputy Comptroller

John M. Egan, C.P.A.
Special Deputy Comptroller

Craig D. Kammholz
Special Deputy Comptroller

July 12, 2011

Ref: Pay Admin

The Honorable Common Council
Committee on Finance & Personnel
City of Milwaukee

Dear Committee Members:

Re: Common Council File No. 070011

I have reviewed the fiscal note in the above file, which reports the impact of the wage agreement prepared by the Labor Negotiator for the Association of Law Enforcement Allied Services Personnel (ALEASP). It is understood that there is no wage increase for 2007-2011. Wellness participation will commence in 2012 for this labor group.

While we have reviewed all of the items, the Labor Negotiator's health insurance savings and pension costs were developed by an actuary. We have found the balance of the figures in the note to be reasonable. The figures developed by the Labor Negotiator are adequate for use in the file.

Very truly yours,

W. MARTIN MORICS
Comptroller

WMM:JB

ALEASP 2007-2011

c: Labor Relations
Deferred Comp
ERS



City of Milwaukee Fiscal Impact Statement

A

| | | | |
|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------|
| Date | 7-11-11 | File Number | 070011 |
| Subject | Resolution pertaining to Salary and Benefits for employees represented by the Association of Law Enforcement Allied Services Personnel, Local #218, I.U.P.A., AFL-CIO (Police Support Services Personnel) | | |

B

| | |
|-------------------------------------------------|-----------------------------------------------|
| Submitted By (Name/Title/Dept./Ext.) | Nicole Fleck/Labor Relations Officer/DER/3371 |
|-------------------------------------------------|-----------------------------------------------|

C

- This File**
- ☒ Increases or decreases previously authorized expenditures.
 - ☐ Suspends expenditure authority.
 - ☐ Increases or decreases city services.
 - ☐ Authorizes a department to administer a program affecting the city's fiscal liability.
 - ☐ Increases or decreases revenue.
 - ☐ Requests an amendment to the salary or positions ordinance.
 - ☐ Authorizes borrowing and related debt service.
 - ☐ Authorizes contingent borrowing (authority only).
 - ☐ Authorizes the expenditure of funds not authorized in adopted City Budget.

D

- This Note**
- ☐ Was requested by committee chair.

E

- | | | |
|---------------------------------------------|--------------------------------------------------------|---------------------------------------------------|
| Charge To | <input checked="" type="checkbox"/> Department Account | <input type="checkbox"/> Contingent Fund |
| | <input type="checkbox"/> Capital Projects Fund | <input type="checkbox"/> Special Purpose Accounts |
| | <input type="checkbox"/> Debt Service | <input type="checkbox"/> Grant & Aid Accounts |
| <input type="checkbox"/> Other (Specify) | | |

F

Assumptions used in arriving at fiscal estimate.

| G | | | |
|--------------------|------------------|-------------|----------|
| Purpose | Specify Type/Use | Expenditure | Revenue |
| Salaries/Wages | | | |
| | | | |
| Supplies/Materials | | | |
| | | | |
| Equipment | | | |
| | | | |
| Services | | | |
| | | | |
| Other | Health Insurance | | \$57,039 |
| | Pension | \$67,445 | |
| TOTALS | | \$67,445 | \$57,039 |

| H | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately. | |
| <input type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years | _____ |
| <input type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years | _____ |
| <input type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years | _____ |

| I |
|--------------------------------------------------------|
| List any costs not included in Sections E and F above. |
| _____ |

| J |
|---------------------------------------------------------------------------------------------------------------------|
| Additional information. |
| An estimated savings of \$62,440 will occur the second half of 2011 due to the elimination of pay step advancement. |
| _____ |



Legislation Details (With Text)

File #: 110289 **Version:** 1

Type: Charter Ordinance **Status:** In Committee

File created: 7/6/2011 **In control:** FINANCE & PERSONNEL COMMITTEE

On agenda: **Final action:**

Effective date:

Title: A substitute charter ordinance relating to retirement benefits for employees represented by the Milwaukee Police Association, Local #21, I.U.P.A., AFL-CIO, (Police Aide Unit).

Sponsors: THE CHAIR

Indexes: CHARTER ORDINANCES, LABOR CONTRACTS, RETIREMENT BENEFITS

Attachments: Cover Letter, Fiscal Impact Statement

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 7/6/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 1 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number

110289

Version

SUBSTITUTE 1

Reference

86-821

060982

Sponsor

THE CHAIR

Title

A substitute charter ordinance relating to retirement benefits for employees represented by the Milwaukee Police Association, Local #21, I.U.P.A., AFL-CIO, (Police Aide Unit).

Sections

36-02-24 am

36-03-6-f cr

Analysis

This charter ordinance establishes that employees represented by the Milwaukee Police Association, Local #21, I.U.P.A., AFL-CIO, (Police Aide Unit), hired on or after October 3, 2011, are not eligible to be enrolled in the employees retirement system.

Body

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. Section 36-02-24 of the charter is amended to read:

36-02. Definitions.

24. POLICEMAN for the purposes of this act shall mean a person first employed on or after July 30, 1947, in the police department whose duty it is to preserve peace and good order of the city, having the power of arrest without warrant, including the chief and all other policemen >>_<< officers and

police aides >>hired on or before October 2, 2011<<. Commencing in 1969, this term includes a policeman on detached service under the contract administration provisions of a labor contract.

Part 2. Section 36-03-6-f of the charter is created to read:

36-03. Membership.

6. WHO NOT TO BECOME MEMBERS.

>>f. Persons who are employed as police aides on or after October 3, 2011.<<

Part 3. This is a charter ordinance and shall take effect 60 days after its passage and publication, unless within such 60 days a referendum petition is filed as provided in s. 66.0101(5), Wis. Stats., in which event this ordinance shall not take effect until submitted to a referendum and approved by a majority of the electors voting thereon.

LRB

APPROVED AS TO FORM

Legislative Reference Bureau

Date: _____

Attorney

IT IS OUR OPINION THAT THE ORDINANCE
IS LEGAL AND ENFORCEABLE

Office of the City Attorney

Date: _____

Requestor

Department of Employee Relations

Drafter

LRB130738-2

Mary E. Turk

7/8/2011



Department of Employee Relations

Tom Barrett
Mayor

Maria Monteagudo
Director

Michael Brady
Employee Benefits Director

Troy M. Hamblin
Labor Negotiator

July 13, 2011

To The Honorable
The Committee on Finance
and Personnel
Common Council
City of Milwaukee

Dear Committee Members:

Re: Common Council File 110289

DER-Labor Relations Division proposes changes to retirement benefits for employees represented by the Milwaukee Police Association, Local #21, I.U.P.A., AFL-CIO, (Police Aide Unit). The proposed change is as follows: employees, represented by MPA, Local #21, who are hired on or after October 3, 2011, are not eligible to be enrolled in the Employees Retirement System.

A Fiscal Note relating the cost of the proposed changes is affixed hereto.

In view of the foregoing, it is recommended that this ordinance be approved.

Sincerely,

Troy M. Hamblin
Labor Negotiator

TMH:NMF

Attachments

Cc: Chief Edward Flynn
Valarie Williams

110289 Chtr Ord F&P ltr
labr/alea-clc/Post BRB

Reply to Common Council File No. 110289
From DOA-Budget and Management Division

July 19, 2011

Ref: 11013

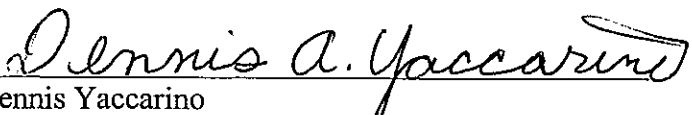
Common Council File 110289 contains a Charter Ordinance that would make Police Aides hired after October 3, 2011 ineligible to be enrolled in the Employees' Retirement System.

Under current law Police Aides are categorized as general city employees. Their normal cost of pension benefit accrual is 11.5% of covered compensation and they may apply up to two years of Police Aide service toward retirement which is normally in a protective service classification.

Assuming an annual average salary of \$27,224 for 30 funded Police Aide positions, the normal cost of accrued annual pension benefits (liability) is \$93,930. Of this amount, the city currently pays the 5.5% employee contribution. Based on 30 funded Police Aides and average salary, this amounts to \$44,920 annual cost which would no longer need to be paid if this ordinance becomes law.

Police Aides who become Police Officers currently may apply up to two years of Police Aide service towards eligibility for a retirement allowance. These service credits are applied to the total service credit which is used to calculate a Police Officer's retirement allowance. Therefore, these two years really accumulate at the normal cost for Police Officer service of 23.4% rather than that of a general city employee. As a result, the total liability of having Police Aides enrolled in the pension system is greater than the \$44,920 estimate but is difficult to estimate the exact amount given the need to accrue this expense over time.

**RECOMMENDATION: ADOPT COMMON COUNCIL FILE 110289
CONTAINING A CHARTER ORDINANCE THAT WOULD MAKE
POLICE AIDES HIRED AFTER OCTOBER 3, 2011 INELIGIBLE TO BE
ENROLLED IN THE EMPLOYES RETIREMENT SYSTEM**


Dennis Yaccarino
Budget and Policy Manager Senior

DY:dmr

FINANCE: 110289sr.doc



City of Milwaukee Fiscal Impact Statement

| | | | | | | |
|----------|---------|--------------------------------------------------------------------------------|-------------|--------|-----------------------------------|------------------------------------------------|
| A | Date | 7/19/2011 | File Number | 110289 | <input type="checkbox"/> Original | <input checked="" type="checkbox"/> Substitute |
| | Subject | Substitute charter ordinance relating to retirement benefits for Police Aides. | | | | |

| | | |
|----------|--------------------------------------|--------------------------------------------------------|
| B | Submitted By (Name/Title/Dept./Ext.) | Mark Nicolini, Budget & Management Director, DOA x5060 |
|----------|--------------------------------------|--------------------------------------------------------|

| | | |
|----------|----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| C | This File | <input type="checkbox"/> Increases or decreases previously authorized expenditures. |
| | <input type="checkbox"/> Suspends expenditure authority. | |
| | <input type="checkbox"/> Increases or decreases city services. | |
| | <input checked="" type="checkbox"/> Authorizes a department to administer a program affecting the city's fiscal liability. | |
| | <input type="checkbox"/> Increases or decreases revenue. | |
| | <input type="checkbox"/> Requests an amendment to the salary or positions ordinance. | |
| | <input type="checkbox"/> Authorizes borrowing and related debt service. | |
| | <input type="checkbox"/> Authorizes contingent borrowing (authority only). | |
| | <input type="checkbox"/> Authorizes the expenditure of funds not authorized in adopted City Budget. | |

| | | | |
|----------|-----------------------------------------------------|------------------------------------------------------|------------------------------------------|
| D | Charge To | <input type="checkbox"/> Department Account | <input type="checkbox"/> Contingent Fund |
| | <input type="checkbox"/> Capital Projects Fund | <input type="checkbox"/> Special Purpose Accounts | |
| | <input type="checkbox"/> Debt Service | <input type="checkbox"/> Grant & Aid Accounts | |
| | <input checked="" type="checkbox"/> Other (Specify) | Affects future ERS liability & annuity contribution. | |

| E | Purpose | Specify Type/Use | Expenditure | Revenue |
|---|--------------------|----------------------------------|-------------|---------|
| | Salaries/Wages | | \$0.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | Supplies/Materials | | \$0.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | Equipment | | \$0.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | Services | | \$0.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | Other | ERS liability (annual) \$-93,930 | \$0.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | TOTALS | | \$ 0.00 | \$ 0.00 |

F

Assumptions used in arriving at fiscal estimate. See attached Section F _____

G

For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately.

☐ 1-3 Years ☒ 3-5 Years \$-44,920 in annuity contribution costs☐ 1-3 Years ☐ 3-5 Years☐ 1-3 Years ☐ 3-5 Years**H**

List any costs not included in Sections D and E above. _____

I

Additional information. _____

JThis Note ☐ Was requested by committee chair.

ATTACHMENT FOR FILE 110289—FISCAL IMPACT STATEMENT

Section F.

Under current law Police Aides are categorized as general city employees. The normal cost of pension benefit accrual for general city employees is 11.5% of covered compensation.

Based on the mid-point of salary grade 480 (\$27,224), and an annual average of 30 funded Police Aide positions, the normal cost of accrued annual pension benefits (liability) is \$93,930. Of this amount, the City currently pays on behalf of the member the 5.5% employee contribution. Based on 30 funded Police Aides and the mid-point wages, this amounts to \$44,920 annual cost which would no longer need to be paid if this ordinance becomes law. Currently, the remainder of the normal cost is absorbed by the ERS Plan surplus.

Police Aides who become police officers currently may apply Police Aide service credit towards eligibility for a retirement allowance. These service credits are applied to the total service credit which is used to calculate a police officer's retirement allowance. The normal cost for police officer service is 23.4% of covered compensation. As a result, the Police Aide service credit generates prior unfunded past service liability equivalent to approximately 11.9% (23.4-11.5) of final average salary (FAS).



City of Milwaukee Fiscal Impact Statement

A

| | | | |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------|
| Date | 7-13-11 | File Number | 110289 |
| Subject | A charter ordinance relating to retirement benefits for employees represented by the Milwaukee police Association, Local #21, I.U.P.A., AFL-CIO, (Police Aide Unit). | | |

B

| | |
|-------------------------------------------------|---------------------------------------------------------------|
| Submitted By (Name/Title/Dept./Ext.) | Nicole Fleck/Labor Relations Officer/Employee Relations/x3371 |
|-------------------------------------------------|---------------------------------------------------------------|

C

- This File**
- ☒ Increases or decreases previously authorized expenditures.
 - ☐ Suspends expenditure authority.
 - ☐ Increases or decreases city services.
 - ☐ Authorizes a department to administer a program affecting the city's fiscal liability.
 - ☐ Increases or decreases revenue.
 - ☐ Requests an amendment to the salary or positions ordinance.
 - ☐ Authorizes borrowing and related debt service.
 - ☐ Authorizes contingent borrowing (authority only).
 - ☐ Authorizes the expenditure of funds not authorized in adopted City Budget.

D

- This Note**
- ☐ Was requested by committee chair.

E

- | | | |
|------------------|--------------------------------------------------------|---------------------------------------------------|
| Charge To | <input checked="" type="checkbox"/> Department Account | <input type="checkbox"/> Contingent Fund |
| | <input type="checkbox"/> Capital Projects Fund | <input type="checkbox"/> Special Purpose Accounts |
| | <input type="checkbox"/> Debt Service | <input type="checkbox"/> Grant & Aid Accounts |
| | <input type="checkbox"/> Other (Specify) | |

F

Assumptions used in arriving at fiscal estimate.

| G | | | |
|--------------------|------------------|-------------|---------|
| Purpose | Specify Type/Use | Expenditure | Revenue |
| Salaries/Wages | | | |
| | | | |
| Supplies/Materials | | | |
| | | | |
| Equipment | | | |
| | | | |
| Services | | | |
| | | | |
| Other | Pension | \$0 | |
| | | | |
| TOTALS | | \$0 | |

| H | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------|--|
| For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately. | | | |
| <input type="checkbox"/> 1-3 Years | <input type="checkbox"/> 3-5 Years | <hr/> | |
| <input type="checkbox"/> 1-3 Years | <input type="checkbox"/> 3-5 Years | <hr/> | |
| <input type="checkbox"/> 1-3 Years | <input type="checkbox"/> 3-5 Years | <hr/> | |

| I |
|------------------------------------------------------------------------------------------------------------------------------------|
| List any costs not included in Sections E and F above. |
| Savings will result from this change to retirement benefits, however, the actual savings will need to be calculated by an actuary. |
| <hr/> |

| J |
|-------------------------|
| Additional information. |
| <hr/> |



Legislation Details (With Text)

File #: 101246 **Version:** 1
Type: Charter Ordinance **Status:** In Committee
File created: 2/8/2011 **In control:** FINANCE & PERSONNEL COMMITTEE
On agenda: **Final action:**
Effective date:
Title: A substitute charter ordinance relating to retirement benefits for employees represented by the Association of Law Enforcement Allied Services Personnel.
Sponsors: THE CHAIR
Indexes: CHARTER ORDINANCES, LABOR CONTRACTS
Attachments: Proposed Substitute A, July 2011 Cover Letter, January 2011 Cover Letter, Fiscal Impact Statement

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 2/8/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 1 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |
| 7/18/2011 | 1 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number

101246

Version

SUBSTITUTE 1

Reference

101418

Sponsor

THE CHAIR

Title

A substitute charter ordinance relating to retirement benefits for employees represented by the Association of Law Enforcement Allied Services Personnel.

Sections

36-04-1-c am

36-08-7-a-2 am

Analysis

This charter ordinance changes the effective date for creditable service for prior military service to those who retire on or after January 1, 2007. It also establishes that employees hired on or after September 12, 2011 shall contribute 5.5% of their earnable compensation to the employees' retirement system.

Body

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. The note appended to s. 36-04-1-c of the city charter, as affected by common council file number 101418, passed April 12, 2011, is amended to read:

36-04. Creditable Service.

1. SERVICE CREDITED. c.

NOTE: The foregoing amendment to s. 36-04-1-c shall apply only to policemen represented by the MPA and firemen represented by Local 215, IAFF, who participate in the combined fund and who retire on a service retirement allowance between January 1, 1998 and December 31, 2002; policemen represented by the MPSO, and general city employees, who participate in the combined fund and who retire on a service retirement allowance between January 1, 1999 and December 31, 2002; non-represented firemen or policemen who participate in the combined fund and who retire on a service retirement allowance between January 1, 2000 and December 31, 2002; policemen represented by the MPA, firemen represented by Local 215, IAFF, nonrepresented firemen, and general city management and nonrepresented employees, who participate in the combined fund and who retire on a service retirement allowance on or after January 1, 2003; ~~[[city of Milwaukee employees who participate in the combined fund and who retire on a service retirement allowance between January 1, 2003 and December 31, 2006, and who are represented by the Association of Law Enforcement Allied Services Personnel or Local #218, I.U.P.A., AFL-CIO (Police Support Service Personnel);]]~~ city of Milwaukee employees who participate in the combined fund and who retire on a service retirement allowance on or after January 1, 2003, and who are represented by Milwaukee District Council 48, AFSCME, AFL-CIO; city of Milwaukee employees represented by the Milwaukee Building and Construction Trades Council who participate in the combined fund and who retire on a service retirement allowance on or after August 1, 2007; city of Milwaukee employees represented by the Technicians, Engineers and Architects of Milwaukee, the Association of Scientific Personnel, the Association of Municipal Attorneys, SEIU Healthcare District 1199 Wisconsin/Staff Nurses Council, Local 195, IBEW, AFL-CIO, Local 75, Journeyman Plumbers and Gasfitters Union, AFL-CIO, Local 494, IBEW, AFL-CIO, Machine Shop, District 10, IAMAW, AFL-CIO, Joint Bargaining Unit Local 139, IUOE, AFL-CIO/Milwaukee District Council 48, AFSCME, AFL-CIO, Local 494, IBEW, AFL-CIO, Fire Equipment Dispatchers, ~~[[and the]]~~ Public Employees' Union 61, LIUNA, AFL-CIO, CLC >>, and the Association of Law Enforcement Allied Services Personnel (Police Support Service Personnel)<< who participate in the combined fund and who retire on a service retirement or allowance on or after January 1, 2007; city of Milwaukee employees represented by the International Association of Machinists and Aerospace Workers who participate in the combined fund and who retire on a service retirement allowance between January 1, 2003 and December 31, 2006; and city of Milwaukee employees represented by Local 494, IBEW, AFL-CIO, Electrical Group, who participate in the combined fund and who retire on a service retirement allowance on or after June 1, 2007; and members represented by the Administrators and Supervisors Council who participate in the combined fund and retire on a service retirement allowance between January 1, 2003 and June 30, 2007; and Milwaukee public schools employees represented by Local 150, FSA/SNA/HCA, Local 150, BSH, and Local 950, International Union of Operating Engineers who participate in the combined fund and who retire on a service retirement between January 1, 2004 and June 30, 2007; and Milwaukee public schools employees represented by Milwaukee Building and Construction Trades Council, AFL-CIO, and Local 1616, AFL-CIO, District Council 48, and Milwaukee public schools employees represented by, and clerical employees exempt from, Local 1053, AFL-CIO, District Council 48, who participate in the combined fund and who retire on a service retirement allowance on or after July 1, 2007; and employees of Veolia Water Milwaukee, LLC., represented by District Council 48, AFSCME, AFL-CIO, Local 366, or IBEW, Local 494, or Steamfitters, Local 601, or International Union of Operating Engineers, Local 317, or District No. 10, I.A.M.A.W., Lodge 66, who participate in the combined fund and retire on a service retirement allowance on or after March 1, 2008; and employees of the Milwaukee Metropolitan Sewerage District represented by District Council 48, AFSCME, AFL-CIO, Local 366, who participate in the combined fund and retire on a service retirement allowance on or after March 8, 2010; and employees of the Milwaukee Metropolitan Sewerage District who are management or nonrepresented, who participate in the combined fund and retire on a service retirement allowance on or after September 1, 2010.

Part 2. Section 36-08-7-a-2 of the charter is amended to read:

36-08. Method of Financing.

7. MEMBER CONTRIBUTIONS

a-2. City employees hired on or after January 1, 2010, who are represented by Milwaukee District Council 48, AFSCME, AFL-CIO, the Technicians, Engineers and Architects of Milwaukee, the Association of Scientific Personnel, the Association of Municipal Attorneys, SEIU Healthcare District 1199 Wisconsin/Staff Nurses Council, Local 195, IBEW, AFL-CIO, Local 75, Journeyman Plumbers and Gasfitters Union, AFL-CIO, Local 494, IBEW, AFL-CIO, Machine Shop, District 10, IAMAW, AFL-CIO, Joint Bargaining Unit Local 139, IUOE, AFL-CIO/Milwaukee District Council 48, AFSCME, AFL-CIO, Public Employees' Union #61, LIUNA, AFL-CIO, CLC, management and nonmanagement/nonrepresented employees, city employees represented by Local 494, IBEW-AFL-CIO, Electrical Group hired on or after June 1, 2010; city employees represented by Local 494, IBEW, AFL-CIO, Fire Equipment Dispatchers employees hired on or after June 15, 2010; city employees represented by Milwaukee Building and Construction Trades Council, AFL-CIO, hired on or after August 1, 2010; >>city employees represented by the Association of Law Enforcement Allied Services Personnel or Local #218, I.U.P.A., AFL-CIO (Police Support Service Personnel) hired on or after September 12, 2011; << employees of Milwaukee public schools represented by Milwaukee Building and Construction Trades Council, AFL-CIO, hired on or after August 1, 2010; employees of Milwaukee public schools represented by, and clerical employees exempt from, Local 1053, AFL-CIO, District Council 48, hired on or after August 1, 2011, and employees of Milwaukee public schools represented by Local 1616, AFL-CIO, District Council 48, hired on or after July 1, 2011, shall contribute 5.5% of their earnable compensation.

Part 3. This is a charter ordinance and shall take effect 60 days after its passage and publication, unless within such 60 days a referendum petition is filed as provided in s. 66.0101(5), Wis. Stats., in which event this ordinance shall not take effect until submitted to a referendum and approved by a majority of the electors voting thereon.

LRB

APPROVED AS TO FORM

Legislative Reference Bureau

Date: _____

Attorney

IT IS OUR OPINION THAT THE ORDINANCE
IS LEGAL AND ENFORCEABLE

Office of the City Attorney

Date: _____

Requestor

Department of Employee Relations

Drafter

LRB125367-2

Mary E. Turk

6/20/2011

..Number

101246

..Version

PROPOSED SUBSTITUTE A

..Reference

101418

..Sponsor

THE CHAIR

..Title

A substitute charter ordinance relating to retirement benefits for employes represented by the Association of Law Enforcement Allied Services Personnel.

..Sections

36-04-1-c am

36-08-7-a-2 am

..Analysis

This charter ordinance changes the effective date for creditable service for prior military service to those who retire on or after January 1, 2007. It also establishes that employes hired on or after September 12, 2011 shall contribute 5.5% of their earnable compensation to the employes' retirement system.

..Body

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. The note appended to s. 36-04-1-c of the city charter, as affected by common council file number 101418, passed April 12, 2011, is amended to read:

36-04. Creditable Service.

1. SERVICE CREDITED. c.

NOTE: The foregoing amendment to s. 36-04-1-c shall apply only to policemen represented by the MPA and firemen represented by Local 215, IAFF, who participate in the combined fund and who retire on a service retirement allowance between January 1, 1998 and December 31, 2002; policemen represented by the MPSO, and general city employes, who participate in the combined fund and who retire on a service retirement allowance between January 1, 1999 and December 31, 2002; non-represented firemen or policemen who participate in the combined fund and who retire on a service retirement allowance between January 1, 2000 and December 31, 2002; policemen represented by the MPA, firemen represented by Local 215, IAFF, nonrepresented firemen, and general city management and nonrepresented employes, who participate in the combined fund and who retire on a service retirement allowance on or after January 1, 2003; ~~[[city of Milwaukee employes who participate in the combined fund and who retire on a service retirement allowance between January 1, 2003 and December 31, 2006, and who are represented by the Association of Law Enforcement Allied Services Personnel or Local #218, I.U.P.A., AFL-CIO (Police Support Service Personnel);]]~~ city of Milwaukee employes who participate in the combined fund and who retire on a service retirement allowance on or after January 1, 2003, and who are represented by Milwaukee District Council 48, AFSCME, AFL-CIO; city of Milwaukee employes represented by the Milwaukee

Building and Construction Trades Council who participate in the combined fund and who retire on a service retirement allowance on or after August 1, 2007; city of Milwaukee employees represented by the Technicians, Engineers and Architects of Milwaukee, the Association of Scientific Personnel, the Association of Municipal Attorneys, SEIU Healthcare District 1199 Wisconsin/Staff Nurses Council, Local 195, IBEW, AFL-CIO, Local 75, Journeyman Plumbers and Gasfitters Union, AFL-CIO, Local 494, IBEW, AFL-CIO, Machine Shop, District 10, IAMAW, AFL-CIO, Joint Bargaining Unit Local 139, IUOE, AFL-CIO/Milwaukee District Council 48, AFSCME, AFL-CIO, Local 494, IBEW, AFL-CIO, Fire Equipment Dispatchers, ~~[[and the]]~~ Public Employees' Union 61, LIUNA, AFL-CIO, CLC >>, and the Association of Law Enforcement Allied Services Personnel, Local #218, I.U.P.A., AFL-CIO, (Police Support Service Personnel)<< who participate in the combined fund and who retire on a service retirement or allowance on or after January 1, 2007; city of Milwaukee employees represented by the International Association of Machinists and Aerospace Workers who participate in the combined fund and who retire on a service retirement allowance between January 1, 2003 and December 31, 2006; and city of Milwaukee employees represented by Local 494, IBEW, AFL-CIO, Electrical Group, who participate in the combined fund and who retire on a service retirement allowance on or after June 1, 2007; and members represented by the Administrators and Supervisors Council who participate in the combined fund and retire on a service retirement allowance between January 1, 2003 and June 30, 2007; and Milwaukee public schools employees represented by Local 150, FSA/SNA/HCA, Local 150, BSH, and Local 950, International Union of Operating Engineers who participate in the combined fund and who retire on a service retirement between January 1, 2004 and June 30, 2007; and Milwaukee public schools employees represented by Milwaukee Building and Construction Trades Council, AFL-CIO, and Local 1616, AFL-CIO, District Council 48, and Milwaukee public schools employees represented by, and clerical employees exempt from, Local 1053, AFL-CIO, District Council 48, who participate in the combined fund and who retire on a service retirement allowance on or after July 1, 2007; and employees of Veolia Water Milwaukee, LLC., represented by District Council 48, AFSCME, AFL-CIO, Local 366, or IBEW, Local 494, or Steamfitters, Local 601, or International Union of Operating Engineers, Local 317, or District No. 10, I.A.M.A.W., Lodge 66, who participate in the combined fund and retire on a service retirement allowance on or after March 1, 2008; and employees of the Milwaukee Metropolitan Sewerage District represented by District Council 48, AFSCME, AFL-CIO, Local 366, who participate in the combined fund and retire on a service retirement allowance on or after March 8, 2010; and employees of the Milwaukee Metropolitan Sewerage District who are management or nonrepresented, who participate in the combined fund and retire on a service retirement allowance on or after September 1, 2010.

Part 2. Section 36-08-7-a-2 of the charter is amended to read:

36-08. Method of Financing.

7. MEMBER CONTRIBUTIONS

a-2. City employees hired on or after January 1, 2010, who are represented by Milwaukee District Council 48, AFSCME, AFL-CIO, the Technicians, Engineers and Architects of Milwaukee, the Association of Scientific Personnel, the Association of Municipal Attorneys, SEIU Healthcare District 1199 Wisconsin/Staff Nurses Council, Local 195, IBEW, AFL-CIO, Local 75, Journeyman Plumbers and Gasfitters Union, AFL-CIO, Local 494, IBEW, AFL-CIO, Machine Shop, District 10, IAMAW, AFL-CIO, Joint Bargaining Unit Local 139, IUOE, AFL-CIO/Milwaukee District Council 48, AFSCME, AFL-CIO, Public Employees' Union #61, LIUNA, AFL-CIO, CLC, management and nonmanagement/nonrepresented employees, city employees represented by Local 494, IBEW-AFL-CIO, Electrical Group hired on or after June 1, 2010; city employees represented by Local 494, IBEW, AFL-CIO, Fire Equipment Dispatchers employees hired on or after June 15, 2010; city employees represented by Milwaukee Building and Construction Trades Council, AFL-CIO, hired on or after August 1, 2010; >>city employees hired on or after October 3, 2011, represented by the Association of Law Enforcement Allied Services Personnel, Local #218, I.U.P.A., AFL-CIO, (Police Support Service Personnel); << employees of Milwaukee public schools represented by Milwaukee Building and Construction Trades Council, AFL-CIO, hired on or after August 1, 2010; employees of Milwaukee public schools represented by, and clerical employees exempt from, Local 1053, AFL-CIO, District Council 48, hired on or after August 1, 2011, and employees of Milwaukee public schools represented by Local 1616, AFL-CIO, District Council 48, hired on or after July 1, 2011, shall contribute 5.5% of their earnable compensation.

Part 3. This is a charter ordinance and shall take effect 60 days after its passage and publication, unless within such 60 days a referendum petition is filed as provided in s. 66.0101(5), Wis. Stats., in which event this ordinance shall not take effect until submitted to a referendum and approved by a majority of the electors voting thereon.

..LRB

APPROVED AS TO FORM

Legislative Reference Bureau

Date: _____

..Attorney

IT IS OUR OPINION THAT THE ORDINANCE
IS LEGAL AND ENFORCEABLE

Office of the City Attorney

Date: _____

..Requestor
Department of Employee Relations
..Drafter
LRB125367-3
Mary E. Turk
7/14/2011



Department of Employee Relations

Tom Barrett
Mayor

Maria Monteagudo
Director

Michael Brady
Employee Benefits Director

Troy M. Hamblin
Labor Negotiator

July 13, 2011

To The Honorable
The Committee on Finance
and Personnel
Common Council
City of Milwaukee

Dear Committee Members:

Re: Common Council File 101246

DER-Labor Relations Division proposes changes to retirement benefits for employees represented by the Association of Law Enforcement Personnel, Local #218, I.U.P.A., AFL-CIO, (ALEASP). One of the proposed changes includes eliminating the sunset provision on pension credit for military service for ALEASP-represented employees who retire on or after January 1, 2007 the second proposed change includes requiring newly hired employees to contribute the 5.5% employee contribution to the Employees Retirement System.

A Fiscal Note relating the cost of the proposed changes is affixed hereto.

In view of the foregoing, it is recommended that this ordinance be approved.

Sincerely,

Troy M. Hamblin
Labor Negotiator

TMH:NMF

Attachments

Cc: Chief Edward Flynn
Valarie Williams
Dan Thomas

101246 Chrttr Ord F&P ltr
labr/alea-clc/Post BRB



Department of Employee Relations

Tom Barrett
Mayor

Maria Monteagudo
Director

Michael Brady
Employee Benefits Director

Troy M. Hamblin
Labor Negotiator

January 25, 2011

Mr. James Owczarski
Deputy City Clerk
City Clerk's Office
Room 205, City Hall
City of Milwaukee

Dear Mr. Owczarski:

The 2007-2009 City of Milwaukee-Association of Law Enforcement Allied Services Personnel (Police Support Services Personnel) labor agreement will include a provision to remove the sunset date for pension credit for military service for retirements that occur on and after January 1, 2007.

In order to implement that provision, it is necessary to amend the charter ordinance relating to retirement benefits. Please open a file for this purpose.

If you have any questions, please contact Joe Alvarado of my staff at extension 2105.

Sincerely,

Troy M. Hamblin
Labor Negotiator

Cc: Ted Medhin

TMH:JJA:
Owez chr ord open file & title
labr/alea-clc/07-09 implementation



City of Milwaukee Fiscal Impact Statement

A

| | | | |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------|
| Date | 7-11-11 | File Number | 101246 |
| Subject | A charter ordinance relating to retirement benefits for employees represented by the Association of Allied Services Personnel, Local #218, I.U.P.A., AFL-CIO, (Police Support Services Personnel). | | |

B

| | |
|-------------------------------------------------|---------------------------------------------------------------|
| Submitted By (Name/Title/Dept./Ext.) | Nicole Fleck/Labor Relations Officer/Employee Relations/x3371 |
|-------------------------------------------------|---------------------------------------------------------------|

C

- This File**
- ☒ Increases or decreases previously authorized expenditures.
 - ☐ Suspends expenditure authority.
 - ☐ Increases or decreases city services.
 - ☐ Authorizes a department to administer a program affecting the city's fiscal liability.
 - ☐ Increases or decreases revenue.
 - ☐ Requests an amendment to the salary or positions ordinance.
 - ☐ Authorizes borrowing and related debt service.
 - ☐ Authorizes contingent borrowing (authority only).
 - ☐ Authorizes the expenditure of funds not authorized in adopted City Budget.

D

- This Note**
- ☐ Was requested by committee chair.

E

- | | | |
|------------------|--------------------------------------------------------|---------------------------------------------------|
| Charge To | <input checked="" type="checkbox"/> Department Account | <input type="checkbox"/> Contingent Fund |
| | <input type="checkbox"/> Capital Projects Fund | <input type="checkbox"/> Special Purpose Accounts |
| | <input type="checkbox"/> Debt Service | <input type="checkbox"/> Grant & Aid Accounts |
| | <input type="checkbox"/> Other (Specify) _____ | |

F

Assumptions used in arriving at fiscal estimate.

| G | | | |
|--------------------|------------------|-------------|---------|
| Purpose | Specify Type/Use | Expenditure | Revenue |
| Salaries/Wages | | | |
| | | | |
| Supplies/Materials | | | |
| | | | |
| Equipment | | | |
| | | | |
| Services | | | |
| | | | |
| Other | Pension | \$0 | |
| | | | |
| TOTALS | | \$0 | |

| H | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately. | |
| <input type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years | _____ |
| <input type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years | _____ |
| <input type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years | _____ |

| I |
|--------------------------------------------------------------------------------------|
| List any costs not included in Sections E and F above. |
| Costs for this file were included in the fiscal note for Common Council file #070011 |

| J |
|-------------------------|
| Additional information. |
| _____ |



Legislation Details (With Text)

File #: 110347 **Version:** 1
Type: Charter Ordinance **Status:** In Committee
File created: 7/6/2011 **In control:** FINANCE & PERSONNEL COMMITTEE
On agenda: **Final action:**
Effective date:
Title: A substitute charter ordinance relating to retirement benefits for certain employees of the fire and police departments.
Sponsors: THE CHAIR
Indexes: CHARTER ORDINANCES, POLICE DEPARTMENT, RETIREMENT BENEFITS
Attachments: Cover Letter, Fiscal Impact Statement

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 6/29/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 1 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |
| 7/18/2011 | 1 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number

110347

Version

SUBSTITUTE 1

Reference

910901

Sponsor

THE CHAIR

Title

A substitute charter ordinance relating to retirement benefits for certain employees of the fire and police departments.

Sections

36-08-7-b am

Analysis

This charter ordinance establishes that non-represented firefighters and police officers and individuals represented by the Milwaukee Police Association, Milwaukee Police Supervisors' Organization and the Milwaukee Professional Firefighters Association Local #215, hired on or after October 3, 2011, shall contribute 7% of their earnable compensation to the employees' retirement system.

Body

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. Section 36-08-7-b of the charter is amended to read:

36-08. Method of Financing.

7. MEMBER CONTRIBUTIONS

b. ~~[[For]]~~ >> Except for << members of the system >> who are initially employed as firemen or

policemen on or after October 3, 2011 <<, the employer shall have the obligation to contribute the percentages set forth in this section. Members who are firemen shall have contributed for them by the employer 7% of such firemen's earnable compensation. Members who are policemen shall have contributed by the employer, commencing with the 1st pay period of 1971, 6% of such policemen's earnable compensation; policemen shall contribute 1% of their earnable compensation. Members who are policemen shall have contributed by the employer commencing with the first pay period of 1990, 7% less \$1 of such policemen's earnable compensation. Commencing in 1990, policemen, excluding sergeant of police, detective lieutenant and ranks above same, shall contribute \$1 of their longevity in rank pay, if any, payable at the close of the year. >> Members of the system who are initially employed as firemen or policemen on or after October 3, 2011, shall contribute 7% of their earnable compensation.<<

Part 2. This is a charter ordinance and shall take effect 60 days after its passage and publication, unless within such 60 days a referendum petition is filed as provided in s. 66.0101(5), Wis. Stats., in which event this ordinance shall not take effect until submitted to a referendum and approved by a majority of the electors voting thereon.

LRB

APPROVED AS TO FORM

Legislative Reference Bureau

Date: _____

Attorney

IT IS OUR OPINION THAT THE ORDINANCE
IS LEGAL AND ENFORCEABLE

Office of the City Attorney

Date: _____

Requestor

Department of Employee Relations

Drafter

LRB130570-2

Mary E. Turk

7/7/2011



Department of Employee Relations

Tom Barrett
Mayor

Maria Monteagudo
Director

Michael Brady
Employee Benefits Director

Troy M. Hamblin
Labor Negotiator

July 13, 2011

To The Honorable
The Committee on Finance
and Personnel
Common Council
City of Milwaukee

Dear Committee Members:

Re: Common Council File 110347

DER-Labor Relations Division proposes changes to retirement benefits for non-represented firefighters and police officers and those represented by the Milwaukee Police Association, the Milwaukee Police Supervisors Organization, and the Milwaukee Professional Firefighters Association Local #215. The proposed change is as follows: employees hired on or after October 3, 2011, shall contribute 7% of their earnable compensation to the employees retirement system.

A Fiscal Note relating the cost of the proposed changes is affixed hereto.

In view of the foregoing, it is recommended that this ordinance be approved.

Sincerely,

Troy M. Hamblin
Labor Negotiator

TMH:NMF

Attachments

Cc: Chief Edward Flynn
Chief Mark A. Rohlfing
Asst. Chief Gerard Washington
Valarie Williams

110347 Chrttr Ord F&P ltr
labr/Post BRB



City of Milwaukee Fiscal Impact Statement

A

Date 7-13-11 **File Number** 110347
Subject A charter ordinance relating to retirement benefits for certain employees in the fire and police departments.

B

Submitted By (Name/Title/Dept./Ext.) Nicole Fleck/Labor Relations Officer/Employee Relations/x3371

C

- This File**
- ☒ Increases or decreases previously authorized expenditures.
 - ☐ Suspends expenditure authority.
 - ☐ Increases or decreases city services.
 - ☐ Authorizes a department to administer a program affecting the city's fiscal liability.
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 - ☐ Authorizes contingent borrowing (authority only).
 - ☐ Authorizes the expenditure of funds not authorized in adopted City Budget.

D

This Note ☐ Was requested by committee chair.

E

Charge To

- ☒ Department Account
- ☐ Capital Projects Fund
- ☐ Debt Service
- ☐ Other (Specify) _____
- ☐ Contingent Fund
- ☐ Special Purpose Accounts
- ☐ Grant & Aid Accounts

F

Assumptions used in arriving at fiscal estimate.

| G | | | |
|--------------------|------------------|-------------|---------|
| Purpose | Specify Type/Use | Expenditure | Revenue |
| Salaries/Wages | | | |
| | | | |
| Supplies/Materials | | | |
| | | | |
| Equipment | | | |
| | | | |
| Services | | | |
| | | | |
| Other | Pension | \$0 | |
| | | | |
| TOTALS | | \$0 | |

| H | | | |
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| <input type="checkbox"/> 1-3 Years | <input type="checkbox"/> 3-5 Years | <hr/> | |
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| List any costs not included in Sections E and F above. |
| Savings will result from this change to retirement benefits, however, the actual savings will need to be calculated by an actuary. |
| <hr/> |

| J |
|-------------------------|
| Additional information. |
| <hr/> |



Legislation Details (With Text)

| | | | |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------------------|
| File #: | 110368 | Version: | 1 |
| Type: | Resolution | Status: | In Committee |
| File created: | 7/6/2011 | In control: | FINANCE & PERSONNEL COMMITTEE |
| On agenda: | | Final action: | |
| Effective date: | | | |
| Title: | Substitute resolution amending agreements with the Wisconsin Energy Conservation Corporation relating to energy efficiency grants. | | |
| Sponsors: | ALD. MURPHY | | |
| Indexes: | AGREEMENTS, ENERGY CONSERVATION, GRANTS | | |
| Attachments: | Amended Administration Agreement, Amended Cooperation Agreement | | |

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 7/6/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 1 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number

110368

Version

SUBSTITUTE 1

Reference

100007, 100770, 110140

Sponsor

ALD. MURPHY

Title

Substitute resolution amending agreements with the Wisconsin Energy Conservation Corporation relating to energy efficiency grants.

Analysis

This resolution amends 2 agreements between the City and the Wisconsin Energy Conservation Corporation (WECC):

1. The Agreement Between the City of Milwaukee and Wisconsin Energy Conservation Corporation for Administration of Me² Program Energy Efficiency Subsidies (Administration Agreement).
2. The Cooperation Agreement Between the Wisconsin Energy Conservation Corporation and the City of Milwaukee regarding the Wisconsin Energy Efficiency Project and the Milwaukee Energy Efficiency Project (Cooperation Agreement).

This resolution amends the Administration Agreement authorized by the Common Council File No. 100770, adopted on November 23, 2010. The Administration Agreement is amended to allow between \$900,000 and \$1,100,000 of the \$1,200,000 originally allocated to subsidize consumer energy audits to also be used to subsidize direct financial incentives to customers who undertake eligible energy efficiency improvement projects under the Me² program, and for similar program uses approved by the Department of Administration in addition to subsidizing energy audits.

This resolution also further amends the Cooperation Agreement which was originally authorized by the adoption of Common Council Resolution File No. 100007 on July 27, 2010, and amended as authorized by the adoption of Common Council Resolution File No. 110140 on July 6, 2011. This Cooperation Agreement sets forth the roles, responsibilities and allocation of resources between WECC and the City from a grant awarded by U.S. Department of Energy to WECC on behalf of the partner cities of Milwaukee, Madison and Racine. The Amended Cooperation Agreement corrects the procedure for levying special charges for energy efficiency improvements onto the City tax roll under Common Council Ordinance File No. 110139 passed on July 6, 2011.

Body

Whereas, Common Council Resolution File No. 100770, adopted November 23, 2010, authorized up to \$1,200,000 to subsidize consumer energy efficiency audits through the Agreement Between the City of Milwaukee and Wisconsin Energy Conservation Corporation for Administration of Me² Program Energy Efficiency Subsidies; and

Whereas, The City and Wisconsin Energy Conservation Corporation wish to amend the Agreement Between the City of Milwaukee and Wisconsin Energy Conservation Corporation for Administration of Me² Program Energy Efficiency Subsidies to spend between \$900,000 and \$1,100,000 of the \$1,200,000 allocated for energy audit subsidies to subsidize direct financial incentives to customers who undertake eligible energy efficiency improvement projects under the Me² program, and for similar program uses approved by the City's Department of Administration in addition to subsidizing energy audits; and

Whereas, Common Council Resolution File No. 100007 adopted on July 27, 2010, authorized the Cooperation Agreement Between the Wisconsin Energy Conservation Corporation and the City of Milwaukee regarding the Wisconsin Energy Efficiency Project and the Milwaukee Energy Efficiency Project, and Common Council Resolution File No. 110140 adopted on July 6, 2011, authorized amendment of this agreement; and

Whereas, The City and Wisconsin Energy Conservation Corporation wish to amend the Cooperation Agreement Between the Wisconsin Energy Conservation Corporation and the City of Milwaukee regarding the Wisconsin Energy Efficiency Project and the Milwaukee Energy Efficiency Project to correct the procedure for levying special charges for energy efficiency improvements onto the City tax roll under Common Council Ordinance File No. 110139 passed on July 6, 2011; therefore, now, be it

Resolved, By the Common Council of the City of Milwaukee, that the Common Council approves the Amendment to the Agreement Between the City of Milwaukee and Wisconsin Energy Conservation Corporation for Administration of Me² Program Energy Efficiency Subsidies attached to this file as the Amended Me² Administration Agreement, and directs the Department of Administration - Office of Environmental Sustainability to execute the Amended Agreement; and, be it

Further Resolved, That the Common Council approves the Amendment to the Cooperation Agreement Between the Wisconsin Energy Conservation Corporation and the City of Milwaukee regarding the Wisconsin Energy Efficiency Project and the Milwaukee Energy Efficiency Project attached to this file as the Amended Me² Cooperation Agreement, and directs the Department of Administration - Office of Environmental Sustainability to execute the Amended Agreement.

Requestor

Department of Administration - Office of Environmental Sustainability

Drafter

LRB #130332-2

Aaron Cadle

July 18, 2011

AMENDMENT TO THE AGREEMENT BETWEEN THE CITY OF MILWAUKEE AND WISCONSIN ENERGY CONSERVATION CORPORATION FOR ADMINISTRATION OF ME² PROGRAM ENERGY EFFICIENCY SUBSIDIES

This Amended Agreement ("Amended Agreement") is entered into as of _____, ("Effective Date"), by and between Wisconsin Energy Conservation Corporation, a non-profit corporation with its principal business address at 431 Charmany Drive, Madison, Wisconsin 53719 ("WECC") and the City of Milwaukee, a Wisconsin municipal corporation ("City"), hereinafter collectively referred to as the "Parties" and individually as a "Party".

WITNESSTH THAT:

WHEREAS, WECC and the City have previously executed an Agreement between the City of Milwaukee and Wisconsin Energy Conservation Corporation for Administration of Me² Program Energy Efficiency Consultation Subsidies dated January 15, 2011 ("Agreement"); and,

WHEREAS, Common Council Resolution File No. 100700, adopted November 23, 2010, authorized up to \$1,200,000 in this Agreement to subsidize consumer energy efficiency audits; and

WHEREAS, The Parties wish to use between \$900,000 and \$1,100,000 of the \$1,200,000 allocated for energy audit subsidies to subsidize direct financial incentives to customers who undertake eligible energy efficiency improvement projects under the Me² program, and for similar program uses approved by the City's Department of Administration in addition to subsidizing energy audits.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereto mutually agree to amend the Agreement between the City and WECC for Administration of the Me² Program Energy Efficiency Consultation Subsidies dated January 15, 2011 pursuant to section 19 of that Agreement as follows:

1. To amend the first sentence in section 3 of the Agreement so that it reads: "Under the terms set forth herein, the City shall pay to WECC up to \$1,100,000 but not less than \$900,000 from the City's EECBG formula grant ("Subcontract Funds") for payment of Subsidies (which is defined as funds paid from Subcontract Funds to subsidize the cost of residential property

energy consultations, provide direct financial incentives to customers who undertake eligible energy efficiency projects under the Me² program, and for similar program uses approved by the City's Department of Administration or its designee."

2. To amend the second sentence in the third paragraph of Section 4 by replacing the term "the energy consultations" with the term "Subsidies" so that the amended sentence reads: "If DOA or its designee determines that there is insufficient demand for Subsidies or if the Me² program is suspended or terminated for any reason, WECC shall return control of any undistributed Subcontract Funds plus secured interest to the City within ten (10) days of written request by DOA or its designee."
3. To amend section 6 of the Agreement by adding a new third and final paragraph that reads: "For Subsidies other than for Me² program energy consultations, WECC shall not provide a direct customer financial incentive from Subcontract Funds in excess of \$500 to a Me² program customer who has installed eligible energy efficiency improvements with a total cost of at least \$2,500 and up to \$5,000, or \$1,000 for eligible energy efficiency improvements with a total cost in excess of \$5,000, without the express written approval of the DOA or its designee. DOA or its designee may establish the amount of other Subsidies established by DOA or its designee pursuant to this Agreement and inform WECC of the amount of such Subsidy to implement under this Agreement."
4. To amend section 8 of the Agreement as follows:
 - a. By inserting the word "consultation" in section 8.c. so that the sentence reads: "The number and total dollar amount of consultation Subsidies provided to each Me² Energy Consultant Firm;"
 - b. By inserting the word "consultation" in section 8.d. so that the sentence reads: "The number and total dollar amount of consultation Subsidies provided to participating property owners; and"
 - c. By creating a new section 8.g. that reads: "The number and total amount of direct customer financial incentives, and other Subsidies funded through the use of Subcontractor Funds, authorized by the Department of Administration or its designee under this Agreement."

5. This Amended Agreement hereby incorporated all of the terms, requirements, Conditions and exhibits set forth in the Agreement Between The City of Milwaukee and Wisconsin Energy Conservation Corporation for Administration of Me² Program Energy Efficiency Consultation Subsidies dated January 15, 2011, except those expressly amended or modified by this Amended Agreement.

IN WITNESS WHEREOF, the Parties hereby execute this Amended Agreement as of the day, month and year set forth above.

CITY OF MILWAUKEE

TOM BARRETT, Mayor

RONALD D. LEONHARDT, City Clerk

COUNTERSIGNED:

W. MARTIN MORICS, City Comptroller

WISCONSIN ENERGY CONSERVATION CORPORATION

MARY WOOLSEY SCHLAEFER, PRESIDENT and CEO

AMENDMENT TO THE COOPERATION AGREEMENT BETWEEN THE WISCONSIN ENERGY CONSERVATION CORPORATION AND THE CITY OF MILWAUKEE REGARDING THE WISCONSIN ENERGY EFFICIENCY PROJECT AND THE MILWAUKEE ENERGY EFFICIENCY PROGRAM

This, Amended Cooperation Agreement (hereinafter "Amended Agreement") with an effective date of August ____, 2011, ("Effective Date") is made by and between Wisconsin Energy Conservation Corporation, a non-profit corporation with its principal business address at 431 Charmany Drive, Madison, Wisconsin 53719 ("WECC") and the City of Milwaukee, a Wisconsin municipal corporation ("City"), hereafter collected referred to as the "Parties" and individually as a "Party".

WHEREAS, WECC and the City have previously executed a Cooperation Agreement Between the Wisconsin Energy Conservation Corporation and the City of Milwaukee regarding the Wisconsin Energy Efficiency Project and the Milwaukee Energy Efficiency Project dated July 27, 2010, ("Cooperation Agreement") which sets forth the roles, responsibilities, and allocation of resources between WECC and the City from a grant award awarded to WECC on behalf of the partner cities of Milwaukee, Madison and Racine from the United States Department of Energy ("DOE") in Funding Opportunity Announcement Number DE-FOA-0000148 Recovery Act; Energy Efficiency and Conservation Block Grant; Competitive Solicitation; Retro Ramp-up and General Innovation Fund programs.

WHEREAS, the City of Milwaukee Common Council in Clean Energy Financing Ordinance, Common Council File #110139 passed by the Common Council on July 6, 2011, has approved the Clean Energy Financing Program administered by the City in which approved owners of eligible, existing non-residential buildings in the City of Milwaukee and a third party lender may be authorized by the City to seek recovery of a financing agreement to finance and install eligible energy efficiency, water saving and renewable energy improvements in said buildings as municipal special charges pursuant to Section 66.0627 of the Wisconsin Statutes.

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein, the Parties agree as follows:

1. The Parties wish to amend the Cooperation Agreement pursuant to Paragraph 24 of the Cooperation Agreement that expressly

provides that WECC and the City may agree to amend that agreement by writing.

2. WECC and the City agree that the Cooperation Agreement shall be amended to transfer \$1,500,000 of DOE EECBG grant funds from WECC to the City for use as a Delinquent Special Charge Reserve Fund ("Fund") to support the Clean Energy Financing Program administered by the City. The transferred funds, without further approval from WECC and/or DOE shall only be used by the City to establish a reserve fund to compensate the City for any delinquent special charges levied onto the City's tax roll pursuant to the terms and requirements of the Clean Energy Financing Ordinance passed by the Milwaukee City Common Council on July 6, 2011 (attached as Amended Exhibit A). This limitation to use grant funds to compensate the City for delinquent special charges shall apply for first generation loans under the Clean Energy Financing Program. If the reserve is no longer needed as Clean Energy loans are paid off, the City reserves the option to reprogram the funds for other activities to promote energy efficiency consistent with the DOE grant.
3. The administration and use of these specific funds transferred under this Amended Agreement by the City are subject to the DOE and other requirements stated in the Cooperation Agreement that limit the use of these grant award funds consistent with the objectives, terms and requirements of the DOE grant award and the requirements set forth in Exhibits A, B and C of the Cooperation Agreement and to all DOE guidance issued subsequent to the Cooperation Agreement for the Retrofit Ramp-up Program (now known as the Better Buildings Program). No grant award funds, directly indirectly, may be used or expended for any project for gambling establishments, aquariums, zoos, golf courses or swimming pools.
4. This Amended Agreement hereby incorporates all of the terms, requirements, Conditions and Annexes set forth in the Cooperation Agreement other than the amended amount of funds transfers to the City under Paragraph 6 and Exhibits D of the Cooperation and Parties agree that the applicable terms for administration, reporting and expenditure of funds for the additional amount of funds transferred under this Amended Agreement shall apply to the City's use of these additional funds. The City shall report the information, as applicable, for each project under the Clean Energy Financing program in the format attached as Amended Exhibit B to this amended agreement.

IN WITNESS WHEREOF, the Parties hereby have executed this Amended Agreement as of the day, month, and year set forth above.

CITY OF MILWAUKEE

TOM BARRETT, Mayor

RONALD D. LEONHARDT, City Clerk

COUNTERSIGNED:

W. MARTIN MORICS, City Comptroller

WISCONSIN ENERGY CONSERVATION CORPORATION

Mary Woolsey Schlaefer
PRESIDENT and CEO



Legislation Details (With Text)

File #: 110271 **Version:** 0

Type: Communication **Status:** In Committee

File created: 6/14/2011 **In control:** FINANCE & PERSONNEL COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Communication from Comptroller's Office transmitting a report titled Audit of Department of Public Works Fleet Services Inventory.

Sponsors: THE CHAIR

Indexes: AUDITS, AUTOMOBILES, DEPARTMENT OF PUBLIC WORKS, TRUCKS

Attachments: Cover Letter, Audit, Fleet Inventory Audit PowerPoint

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 6/14/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

...Number
110271

Version
ORIGINAL

Sponsor
THE CHAIR

Title
Communication from Comptroller's Office transmitting a report titled Audit of Department of Public Works Fleet Services Inventory.

Requestor

Drafter
Comptroller
WMM Ltr
6/13/11



Office of the Comptroller

June 13, 2011

W. Martin Morics, C.P.A.
Comptroller

Michael J. Daun
Deputy Comptroller

John M. Egan, C.P.A.
Special Deputy Comptroller

Craig D. Kammholz
Special Deputy Comptroller

To the Honorable
the Common Council
City of Milwaukee
City Hall, Room 205
Milwaukee, WI 53202

Dear Council Members:


Please accept the following communication file for introduction In-Title-
Only at the next meeting of the Common Council on June 14, 2011.

Communication from the Comptroller's Office transmitting a report titled
Audit of the Department of Public Works Fleet Services Inventory.

We will be issuing this audit report shortly and would like to have it
scheduled for Committee hearing before the Common Council's August recess.

If there are any questions about this request, please contact James
Michalski at 286-2225.

Very truly yours,


W. MARTIN MORICS
Comptroller

C: James Owczarski

WMM:jtm
Ref: FleetInventoryAuditInTitle(6-13-11)



**Audit of the
Department of Public Works
Fleet Services Inventory**

W. MARTIN MORICS
City Comptroller
City of Milwaukee, Wisconsin

June 2011

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Office of the Comptroller

June 24, 2011

W. Martin Morics, C.P.A.
Comptroller

Michael J. Daun
Deputy Comptroller

John M. Egan, C.P.A.
Special Deputy Comptroller

Craig D. Kammholz
Special Deputy Comptroller

To the Honorable
the Common Council
City of Milwaukee

Dear Council Members:

The attached report summarizes the results of our Audit of the Department of Public Works Fleet Services Inventory.

The audit determined that the Department of Public Works (DPW) has created an inventory internal control policy that generally provides good guidance to the divisions for establishing procedures to reduce risks associated with managing and maintaining inventory. However, Fleet Services (Fleet) has not sufficiently implemented the policy and improvements are needed in the areas of physical security controls, accuracy of inventory recordkeeping, internal controls over routine inventory transactions, and internal controls over non-inventory or special order item purchases. In addition, the audit found that DPW does not have sufficient tools in place to monitor compliance with the inventory policy nor to ensure inventory is getting recorded accurately. The audit makes eleven recommendations for improving Fleet's policy, procedures, and internal control over inventory.

Audit results are discussed in the Audit Conclusions and Recommendations section of the report, which is followed by the response from the Department of Public Works.

Appreciation is expressed to the Department of Public Works for the full cooperation extended to the auditors.

Sincerely,


W. MARTIN MORICS
Comptroller

I. Scope and Objectives

This Audit of the Department of Public Works Fleet Services Inventory was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. The Office of the Comptroller believes that the evidence obtained provides a reasonable basis for the audit's findings and conclusions based on the audit objectives.

The audit covered commodity parts and supplies stocked by the Fleet Services Division (Fleet) for City vehicle maintenance and repair. The scope of the audit covered parts and supplies from receipt at the warehouse facility to installation on City vehicles. The audit included interviews of Fleet personnel, observations of warehouse activity, and examination of 2010 inventory processing transactions.

The objectives of the audit were to:

- Determine whether fleet inventory accounts and records are accurate and complete
- Evaluate fleet's inventory policies, procedures and internal controls
- Evaluate fleet's inventory physical security
- Evaluate fleet inventory management and oversight

The audit did not evaluate the procurement of fleet inventory, whether inventory holding costs are reasonable, or whether the inventory is right-sized for work activities. The audit also did not evaluate vehicle maintenance services purchased from outside vendors. These areas could be examined in future audits.

II. Background

The Department of Public Works (DPW) maintains inventory in material, commodities and supplies within its Infrastructure, Water Works and Operations Divisions. At year end 2010 and 2009, DPW reported total inventory of \$10,183,000 and \$9,691,000, respectively.

Approximately 12 percent of the DPW inventory is managed by Fleet in the Operations

Division. Fleet recorded inventory in the amount of \$1,094,000 at year end 2010 and \$1,122,000 at year end 2009. Fleet provides a critical service to the City by maintaining and repairing approximately 4,000 vehicles and equipment for other DPW divisions and departments including the Library, Health and Police Departments. In order to repair and maintain such a wide variety of equipment, Fleet manages over 5,000 unique commodity parts within five different stockroom locations with 75 percent stored at the Central Garage located at 21st and Canal Street. The remaining four stockrooms, called satellite locations, store inventory needed for the repair and maintenance crews working during the second shift. According to DPW, approximately 70 percent of Fleet's inventory is used to maintain and repair the City's heavy or special equipment that is unique to municipalities, such as garbage trucks, snow plows, and street sweepers. However, Fleet also services many common vehicle makes and models such as Ford pick-up trucks, Dodge cargo vans, and Honda Hybrids.

During 2010, Fleet purchased commodity parts, tools and supplies totaling about \$3,772,000. Approximately \$1,827,000 was recorded into inventory and \$1,945,000 was directly purchased and expensed on a special order basis outside of the inventory process. Fleet had inventory disbursements for fiscal year 2010 of approximately \$1,855,000 and ended the year with an inventory balance of \$1,094,000. Based on historical averages, Fleet estimates that its inventory turns approximately 1.6 times per year. The audit calculated a similar inventory turnover ratio of 1.1 times during 2010.

Fleet utilizes the Fleet Focus automated system to track equipment, create work orders for repair and maintenance, and manage or monitor inventory on a perpetual basis. Within this system, Fleet can process all inventory transactions, including purchasing, receiving, disbursing, and adjusting the inventory. While the other DPW divisions utilize a module within the City's FMIS financial reporting system, Fleet Focus is a separate system not integrated with the FMIS. Therefore, unlike the other DPW divisions, a manual step is required to transfer information between the two systems for accurate financial reporting. Fleet performs periodic cycle counts of quantities on hand throughout a ten month period, ensuring that all commodity items are counted at least once. The fleet inventory has not been audited since 1994.

III. Audit Conclusions and Recommendations

A. Summary Conclusions

DPW has an inventory management policy that provides guidance to its divisions over physical security controls, proper inventory accounting and transaction documentation as well as procedures for handling variances identified through physical inventory counts. The audit reviewed this policy and found that a significant weakness in the policy allowed for Fleet to establish two different processes for purchasing, receiving, and tracking parts, tools, and supplies. One process was used to acquire inventory and the other process was used to acquire special order parts. Fleet's process for managing its inventoried parts is not fully in compliance with the DPW inventory policy and the audit identified some Fleet inventory practices that led to the current inventory records appearing to be incomplete and inaccurate. Fleet's process for managing the special order parts contains significant weaknesses in internal control and has resulted in unrecorded parts.

The audit concluded that DPW management has not provided adequate oversight over Fleet's inventory activity and related internal controls. The audit recommends that DPW management re-evaluate its inventory requirements, to determine if operational efficiencies could be made through establishing a more just-in-time approach for purchasing parts, tools and supplies, and consolidating and eliminating inventory locations among the divisions. The audit also recommends management formalize inventory procedures at Fleet and develop new monitoring tools and reports. Following is a summary of the audit findings and recommendations identified during the Fleet inventory audit.

Accuracy of Inventory Records

Fleet is not recording all of its commodity parts, tools, and supply purchases on a consistent basis. Fleet appears to be actively excluding certain commodity parts from inventory records, which is a lack of an internal control. It is also inaccurately adjusting recorded inventory parts to a lower value than the invoice value. The result is that inventory balances appear to be understated and certain commodity parts are at higher risk of theft or unauthorized removal because there is no record of the item existing. In addition, the audit found that DPW and Fleet are unable to account for differences

between inventory activity recorded in Fleet's inventory system and inventory activity recorded in the financial reporting system, FMIS. Unknown or unreconciled differences between the two systems imply inaccuracies occurring in the inventory management process.

Specific inaccuracies identified in the audit include,

- Current carrying prices of the inventory appear to be understated. Consumable items are recorded at a price of zero, which appears to be understating inventory by approximately \$100,000. Fleet has a practice of returning inventory to stock or adjusting inventory quantities at a unit price of zero which has inadvertently lowered the carrying value of inventory on hand. As a result, the current inventory carrying balance is understated and future expenditures including Interdepartmental Requisitions and Invoice billings (IRI) are understated.
- Fleet is not completely recording all unused parts, tools, and supplies in its inventory balance. The audit obtained evidence that Fleet has an off-the-books inventory of spare parts. The items are commodity parts that were requested as a special order, not placed on the vehicles, and stored in the stockroom with the other inventoried parts. The audit found that when those spare parts were used, special order purchases were generated to replenish the stock of those spare parts; however, those purchased items were again excluded from inventory records. The audit could not quantify the amount of items that are currently excluded from inventory.
- Unknown or unreconciled differences are recorded each month between the FMIS reporting system and Fleet's inventory system. The differences fluctuate each month and can swing both positive and negative. For 2010 and 2009, the unknown or unreconciled difference was a positive difference of \$70,000 and \$42,000, respectively. A positive difference means that the FMIS reporting system is higher than Fleet's inventory system and indicates that the City has either paid for inventory that was not received into Fleet's system or inventory activity that decreased the balance at Fleet was not accurately captured in the FMIS reporting system. The audit could not determine the extent to which either or both of these factors cause the variance.
- **The audit makes three recommendations to improve Fleet's accuracy of inventory records that: 1) establishes a process for getting current inventory records accurately valued; 2) eliminates all "off-the-books" inventory to reduce potential theft, loss and waste; and 3) redesigns the inventory**

reconciliation process to place a greater emphasis on the Fleet inventory system activity, as discussed on pages 8 to 13.

- DPW implementation of other related Fleet inventory recommendations below is also essential to the maintenance of accurate, up-to-date inventory records. These related recommendations focus on developing revised inventory control procedures for all purchases and exception transactions (vendor returns and returns to stock, defective items, etc.), together with preparation of appropriate inventory valuation procedures. The audit also suggests certain improvements to the Fleet inventory physical security environment.

Internal Control Policy and Procedures

DPW's inventory internal control policy and procedures generally provide sound guidance to the divisions to develop strong internal control in the areas of physical security and inventory accounting and transaction documentation. The audit found that the DPW policy could be improved to clarify the definition of inventory and provide guidance over the purchase of inventory.

The audit disclosed that Fleet has not sufficiently implemented all aspects of the DPW current inventory policy and procedures. Internal control weaknesses were identified. Specific findings include:

- Overlap in job responsibilities within the inventory process which allows multiple individuals to process an inventory transaction from start to finish.
- Inconsistent documentation of inventory transactions including proper authorization for stock returns, inventory transfers, and manual adjustments to inventory.
- Ineffective cycle count process due to non-compliance with DPW inventory policy.
- Excessive use of manual adjustments to Fleet's inventory balance and the lack of management oversight over these adjustments.
- **The audit makes five recommendations to improve Fleet's internal control policy and procedures that: 1) expands purchasing guidance in DPW policy to include both inventoried items and items ordered on a special need basis; 2) clarifies DPW inventory definition to establish when commodities are to be recorded as inventory; 3) requires formalized and documented inventory**

procedures by Fleet; 4) eliminates or reduces the overlap in job responsibilities within the Fleet inventory process; and 5) enhances Fleet's internal controls over manual adjustments, as discussed on pages 13 to 17.

Physical Security

The audit generally found good physical security controls with some improvement needed over the inventory access controls. Specific findings from the audit include:

- The majority of Fleet's inventory is stored within locked stockrooms and Fleet has installed key card access to a substantial number of entry points at its warehouse locations.
- Access to the locked central stockroom appears excessive and the individuals with access do not appear to need 24/7 access given their job responsibilities. The audit disclosed that 58 individuals have access to the central stockroom and of that number only 11 of the individuals are inventory parts staff. The remaining individuals consist of fleet management, field repair service staff, DPW facility maintenance, IT support, and DPW operations management.
- The benefit of the key card access has been rendered obsolete at two locations because keyed doors have not been properly restricted. Nine individuals at the central stockroom have keys to the non-key card doors despite having key cards. All employees at the tire shop, including repair and service personnel, have keys to the non-key card door.
- The satellite locations have key card access to the warehouse itself but still have only a keyed door to the stockroom. Therefore, during the second shift, the stockroom is left open and the repair crew have open access to the items without inventory personnel on site.
- **The audit recommends that Fleet improve physical security by enhancing its inventory access controls as discussed on pages 17 to 19.**

Inventory Management

The findings discussed above indicate insufficient management reporting and oversight within DPW and Fleet management over inventory. The audit disclosed the following findings:

- The current reporting as prepared by DPW management does not adequately monitor Fleet's compliance with existing DPW inventory internal control policy and procedures.
- DPW management was unaware of poor inventory practices occurring at Fleet, including: 1) returning inventory or adjusting inventory at a unit price of zero; and 2) maintaining an "off-the-books" inventory of spare parts.
- DPW has not analyzed Fleet's inventory stocking practices and evaluated whether operational efficiencies could be made by changing the current stocking practices.
- **The audit makes two recommendations to improve management reporting and oversight that: 1) re-evaluates Fleet's inventory requirements for operational efficiencies; and 2) develops new Fleet monitoring tools and reports, as discussed on pages 20 to 23.**

B. Accuracy of Fleet Inventory Records

Accurate inventory records and reporting assist management in a variety of ways. Historical inventory purchases and disbursements allow management to budget for future repair and maintenance costs. Current inventory transaction activity allows Fleet management to replenish key inventory parts so that there is minimal delay in repairing vehicles and equipment critical to the City. Accurate inventory reporting also prevents excessive spending on parts already on hand and identifies slow-moving or obsolete parts that should be disposed of. The audit tested the accuracy of Fleet's inventory records and reports and deficiencies were found.

Inconsistent or Lack of Proper Commodity Recordkeeping

Approximately half of Fleet's commodity parts, tools, and supply purchases are considered non-inventory and are made on a special order basis. These special order purchases consist of specific commodity parts purchased to repair a fleet vehicle or equipment, common or frequently used consumable items such as oil, and other supplies that are indirectly related to a repair work order. In 2010, Fleet made \$1,945,000 in non-inventory or special order commodity part purchases. Approximately \$1,297,000 was for equipment commodity parts, \$340,000 was for consumable items, and \$308,000 was for other indirect supplies.

The cost associated with non-inventory special order purchases is expensed primarily to the Tools and Machinery Parts account through a direct charge to a work order generated at time of repair, or an indirect charge to a work order through a standard overhead rate. It is appropriate to directly expense these items if they are purchased and immediately used or if the cost to maintain a record of the commodity part in the inventory system is greater than the risk of losing the item to theft or excessive use. However, the audit found that not all of these special order parts and supplies are directly installed or used at the time the equipment is repaired, and the types of items purchased do not appear different or less valuable than other parts that are in inventory. In fact, the audit observed that some of the unused special order parts are stored in the locked stockrooms among inventoried parts, and in the case of many consumable parts, are stored in a secured room because they are considered high-risk for theft. Despite the similarity to inventoried parts, the audit found inconsistent or no recordkeeping on the uninstalled special order parts. The audit was unable to identify the number of these unrecorded spare parts, but did observe carts full of unrecorded parts.

Not recording special order stock on-hand could lead to inaccurately budgeting and overspending for additional parts that are already on hand. This also increases the risk of unauthorized removal of inventory, since there is no record of the item. Overall, the audit found poor internal controls over the purchase and receipt of the special order parts, which increases the risk of items being purchased and received without proper authorization and verification.

Consumable items are recorded in the inventory system on a quantity basis so that levels can be tracked and replenished appropriately. However, the consumables are recorded at a zero price, thereby understating the actual balance of inventory by approximately \$100,000. Since Fleet is treating the consumable items as inventory, they should be recorded at the actual carrying value.

Inaccurate Inventory Pricing

The City's policy is to value its inventory at a moving average price. As inventory is purchased, the moving average price is adjusted to reflect the current purchase price. The audit obtained evidence that Fleet incorrectly adjusted the moving average price per unit

by returning unused inventory to stock at a unit price of zero, which inappropriately lowers the average moving price of the item. The audit tested a sample of 20 inventory items adjusted inaccurately and compared their current carrying price to the most recent invoice price. In all cases, the carrying price after the manual adjustment was less than the most recent invoice price. See Table 1 for a sample listing of parts and the difference between the current carrying price and the most recent invoice price.

Table 1: Inaccurate Fleet Inventory Pricing Sample

| Part Number | Part Description | Carrying Price | Purchase Price | Amount Below Invoice | Percent Below Invoice |
|-------------|------------------|----------------|----------------|----------------------|-----------------------|
| 83001044 | KNOB HEATER | \$5.23 | \$8.89 | -\$3.67 | -41.2% |
| 37001005 | BREAKER 20A | 4.95 | 6.83 | -1.88 | -27.5% |
| 34012007 | FLASHER 12V | 8.02 | 14.71 | -6.69 | -45.5% |
| 34015004 | SWITCH | 6.55 | 13.77 | 7.22 | -52.4% |
| 15009020 | ARM IDLER | 35.84 | 50.39 | -14.56 | -28.9% |

*Carrying price obtained from Fleet during audit in September 2010

**Most recent purchase invoice price as of September 2010

The moving average price can affect accurate financial reporting in three ways.

- Current carrying value: The carrying value of inventory on hand is based on the current moving average price. Therefore, the City's inventory assets for Fleet appear to be understated as a result of the inaccurate manual adjustments. The audit was unable to quantify the total understatement of inventory value. However, an audit sample revealed that 339 parts had a stated carrying price averaging 24 percent below the carrying price before the adjustment.
- Reported expenditures by both Fleet and other departments: Fleet does not incur an expense until the item is actually disbursed from inventory for use, at which point the moving average cost is used in determining the total expenditure. Therefore, Fleet's inventory expenditures will be understated. Fleet performs repair services to a variety of departments including Library, Health Dept, Police Dept, Water Works, Sewer Maintenance Fund, and Parking Fund. When repair services are performed, an Interdepartmental Requisition and Invoice (IRI) is created to bill the department for the work performed based on the moving average cost of parts used. As a result of the manual adjustment, the IRI's are inaccurate and most likely understated.
- Budgeted expenditures by both Fleet and other departments: Budgeted expenditures are based on historically reported information which currently appears to be inaccurate. Therefore, the City's budget for future equipment repair

and maintenance costs may be understated.

Unknown Differences in Reporting of Inventory

Accurate inventory reporting is dependent on information getting transferred from the Fleet Focus inventory system to the City's FMIS financial reporting system. While the other DPW divisions utilize an inventory module within the FMIS, the Fleet Focus is a separate inventory system not integrated with the FMIS. All data is transferred to the FMIS manually, therefore, a manual reconciliation is necessary to ensure that the FMIS is accurate. This dual system of recording inventory data substantially increases data entry costs while exposing the City's FMIS financial system to incorrect, inconsistent fleet inventory data.

DPW reconciles its Fleet system with the FMIS, monthly. However, the audit found that these reconciliations are not complete and always indicate some amount of unknown difference that varies from month to month. At year end 2010, the unknown difference reported by DPW was approximately \$70,000 and at year end 2009 it was approximately \$42,000. According to DPW, the following factors make reconciliation between the systems difficult.

- Timing delays in processing vouchers and paid invoices which are the basis for recording the purchases received into inventory into the FMIS;
- Timing delays in the recording of journal entries in the FMIS for inventory disbursement activity;
- Timing differences in the reports generated from the Fleet system and FMIS, resulting in an inconsistent cut-offs on inventory receipt and disbursement activity;
- Manual adjustments transactions recorded in either the Fleet system or FMIS but not in both.

To address the timing issues related to the receipt of inventory, DPW established a new process in early 2010 to manually match the individual receipts reported from Fleet with the purchase vouchers processed in FMIS. While this procedure benefits the reconciliation process, there still remains an unknown difference and the FMIS is not fully reconciled at year end.

Leaving variances between the Fleet inventory system and the FMIS general ledger unresolved prevents management from adequately monitoring Fleet's inventory activity and ensuring that errors or irregularities are not occurring. Given that there are so many factors that could result in a reconciliation variance, transaction errors may not be distinguishable from transaction record timing delays. Due to the significant number of transactions occurring, the current process as designed most likely would not identify all errors. Therefore, there is risk that the City is paying for items that were never received or were unauthorized purchases.

If transaction recording timing differences cannot be resolved, DPW may need to monitor Fleet's activity a different way by focusing on the Fleet inventory system rather than the FMIS. DPW and Fleet's first focus should be to get all the information accurately into the Fleet inventory system and then adjust the FMIS general ledger system at the end of the year to the inventory system.

A different reconciliation that focuses on the inventory system sub-ledger activity and a focus on matching receipts processed in Fleet Focus against processed vouchers may be more effective at monitoring Fleet's activity and identifying errors.

Recommendation 1: Improve accuracy of Fleet inventory values

Fleet should take the following actions to improve the accuracy of its inventory values.

- Establish a process for assigning dollar values to the consumable inventory currently recorded in the inventory system that reflect an accurate moving average price.
- Establish a process for evaluating the moving average prices of current inventory on hand to ensure that they are appropriate.

Recommendation 2: Eliminate all "off-the-books" inventory

Fleet should establish a process for identifying and recording all spare parts within the inventory system at accurate moving average prices in order to reduce the risk of potential theft, loss and waste.

Recommendation 3: Redesign inventory reconciliation process

The current monthly reconciliation of Fleet inventory system transaction balances with the FMIS financial reporting system does not capture enough information to identify all variances and does not result in corrective entries to the financial records. DPW should ensure that all Fleet inventory transactions are processed accurately and completely in the Fleet Focus system, so that its balances are reliable for reconciliation with the FMIS. DPW should work with the Fleet inventory manager to obtain monthly reports of the key activity occurring that could then be analyzed monthly. Once DPW and Fleet is comfortable that the Fleet Focus system is accurate and complete, DPW should continue with a thorough reconciliation as of year end, after all voucher and journal entry activity has been finalized, which adjusts the FMIS system to the Fleet Focus system.

See Appendix A for additional detailed recommendations for the reconciliation process.

C. Fleet Inventory Internal Control Policy and Procedures

Internal controls assist management in accomplishing its business objectives and meeting its responsibilities by reducing the risk of errors and irregularities. Internal controls provide assurance that data and information are accurate, complete and reliable. Management has a responsibility to design and implement appropriate control-related policies and procedures to reduce errors and mitigate risks. The audit evaluated DPW's department-wide inventory policies and procedures and their implementation by Fleet.

DPW Inventory Policy

DPW has formally documented its inventory internal control policy and procedures, which generally provide good guidance to its divisions, in the areas of physical security, inventory accounting, and transaction documentation. The audit found that the DPW policy could be improved by the following:

- Eliminate all “off-the-books” inventory. Extend current policy and procedures to cover all commodity parts, tools, and supply purchases. The current policy applies only to those parts and commodities purchased with the inventory budget, but not with the operating budget. This has resulted in entirely different

procedures for special order parts, tools, and supplies purchased with operating budget appropriations. The audit found significant weaknesses for these operating budget special order purchases, including missing documentation and an informal purchase and receipt process. The policies and procedures could be made applicable to all purchases that exceed a certain dollar, quantity, or other measurable threshold. See Appendix B for specific testing and findings.

- Expand the policy to better define when purchased parts should be recorded in inventory. The policy needs to provide guidance on the type of parts that should be stocked (and recorded) in inventory versus purchased for immediate use.

Fleet's Implementation of DPW Inventory Policy

The audit evaluated and tested Fleet's procedures and internal controls for routine inventory transactions. The audit reviewed the Fleet Focus inventory system and a sample of system-generated reports for accuracy and completeness. The audit checked a sample of 30 inventory receipts, 30 inventory disbursements and attempted to test 10 stock returns and 10 inventory transfers. The audit also reviewed Fleet's process for performing physical inventory counts by performing a walk-through with Fleet inventory personnel. The audit made the following positive observations regarding Fleet's procedures and internal controls:

- Fleet's inventory system has the ability to provide thorough inventory records for all types of inventory transactions including purchasing, receiving, disbursement, transfers and stock returns.
- Fleet was able to provide detailed listings and reports of inventory on hand, inventory and special order purchases made during a given period, and adjustments to inventory.
- Inventory receipts are electronically matched against the system-generated purchase order and a review of the receipt information against the vendor invoice to ensure accuracy is performed daily.
- Inventory disbursements are well documented and appropriately authorized by repair supervisors.
- Fleet personnel who perform the cycle count were knowledgeable of the commodity parts that they were counting and were very familiar with the layout of each stockroom.
- Fleet is timely performing the cycle count and is maintaining the necessary

documentation to support that the count was performed.

In spite of the strengths noted, the audit disclosed that Fleet has not sufficiently implemented essential components of the DPW inventory policy and noted the following deficiencies related to procedures and internal controls:

- The monitoring of inventory receipts and the authorization of the invoice for payment is executed by the same individual who purchases inventory. This lack of separation of duties exposes the subject inventory to potential for undetected loss or theft and as such is an important internal control deficiency.
- Access to transaction screens within the inventory system has not been properly restricted based on job responsibilities. The audit observed an overlap in responsibilities within the Fleet inventory personnel. Specifically, 12 individuals have the ability to create a work order, purchase inventory, receive inventory, and disburse inventory within the inventory system. See Appendix C for detailed recommendations.
- Fleet is not consistently documenting all types of inventory transactions and ensuring that each transaction contains the necessary approvals and signatures required by the DPW inventory policy. Currently, Fleet has a separate form for inventory disbursements, a form for inventory stock returns, but no formal forms for stock transfers and manual adjustments. See Appendix C for specific testing and findings.
- Cycle count procedures are not performed in accordance with the DPW inventory policy, limiting the effectiveness and reliability of the cycle count process, and thereby delaying the identification and correction of potential inventory problems. See Appendix D for specific testing and findings.
- Fleet processed over 5,000 inventory transactions using manual adjustments rather than through normal inventory processing. The DPW inventory policy calls for manual adjustments to be used on an exception basis when correction cannot be made by reversing or re-processing of the original transaction. The audit analyzed the types of manual adjustments performed by Fleet and found the most common reasons for the adjustments were quantity adjustments identified outside of the cycle count process, stock returns, and adjustments to the receipt cost. Fleet management is not properly authorizing these adjustments and adjustment access has been granted to eight individuals.

Recommendation 4: Expand purchasing guidance in DPW policy

Regardless of whether the part is installed on a piece of equipment or stored in the stockroom, good control of the part is necessary from the time it is ordered to the time it is installed on the equipment. Accordingly, the DPW inventory policy should be expanded to address the early identification and control of all parts/items at or soon after the point of purchase. The resulting procedures could be limited to purchases that exceed a dollar, quantity, or other measurable threshold based on DPW's discretion.

Recommendation 5: Clarify DPW definition of inventory

The DPW policy should provide clear and specific guidance over what types of items should be carried as inventory versus treated as a supplies expense. This determination should be based on a measurable criteria.

Recommendation 6: Formalize and document Fleet procedures

The DPW inventory policy provides sound guidance to Fleet on proper procedures and internal control. However, it is a high level policy under which Fleet should develop detailed procedures related to its specific operations to facilitate proper implementation of this policy. See Appendix C for detailed recommendations on implementing the DPW Policy by Fleet.

Recommendation 7: Reduce overlapping job responsibilities

Fleet should review the job responsibilities related to each step of an inventory transaction and attempt to reduce or eliminate responsibilities that overlap. One person should not have access to control an entire inventory transaction, since this increases the risk of transaction errors or thefts. The Comptroller's Office can assist DPW in evaluating job responsibilities, but in any event the process should consist of the following:

- Ensure key inventory activity is properly segregated, particularly in the areas of purchasing, receiving and recording inventory, creating work orders and disbursing inventory.
- Remove system access that is not necessary to complete the assigned task. Inventory personnel should generally not have access to the work order module.

In areas where separation cannot occur, management should provide more extensive oversight to ensure no inappropriate activity is occurring.

Recommendation 8: Enhance controls over manual adjustments

Manual adjustments can reverse transactions and adjust the quantity and price of inventoried items, thus increasing the risk that an individual could use such adjustment to cover or hide transaction error or theft. Fleet should follow the DPW inventory policy and establish tighter control over the use of manual adjustments to inventory and limit their use to exceptions, not routine transactions. See Appendix E for detailed recommendations regarding controls over manual adjustments.

D. Fleet Inventory Physical Security

The audit evaluated and tested Fleet's inventory physical security and found the following positive physical security controls:

- The majority of inventory is stored in locked stockrooms.
- Key card readers have been installed on many points of entry to the Central Garage stockroom and the office that leads to each stockroom at the satellite locations.
- Fleet is performing a weekly review of after-hour access to the Central Garage stockroom.
- Fleet is performing the semi-annual security review checklist in order to identify problems with stockroom, storage yards, and overall facility security.
- Fleet is performing an annual review of the listing of individuals with access to the Central Garage stockroom.

To improve physical security, the audit found that inventory access controls need to be

stronger. The audit disclosed that a significant number of employees have access to the stockrooms and in many cases, the access did not appear necessary to perform the employees' job functions. Physical security at the satellite locations posed an even greater risk of unauthorized or unobserved removal of inventory because the satellite locations are not managed by inventory personnel during the shift of operation and after-hour access is not properly monitored. In addition, Fleet has installed key card access to many of its stockroom points of entry, however, the benefit has often been rendered obsolete because access to the keyed doors are not properly restricted.

Central Stockroom Access

The majority of Fleet's inventory is stored at the Central Garage and Fleet has secured most commodity parts within the locked stockroom. Key cards have been installed on most of the doors and after-hour logs are properly monitored. However, the number of individuals with access to the Central stockroom appears excessive and it does not appear that divisional management is critically evaluating the number of individuals on the list and whether their access is necessary to perform the job function. The audit disclosed that 58 individuals have access to the Central Garage stockroom and only 11 of those individuals are actually stockroom parts staff. The remaining individuals consist of various fleet management, field repair service staff, DPW facility maintenance staff, IT support, and DPW operations management.

Access to the stockroom should be limited to those individuals who require access to perform their job function. Proper segregation of duties separate those who use the inventory to perform the repair or service from those who manage the inventory. In order to maintain proper segregation of duties, only individuals that need access to perform their job function should have access to the stockroom. Improper segregation of duties can lead to unauthorized or unobserved removal of inventory.

It was further noted that of 58 individuals with access, 48 have 24/7 access to the Central Garage stockroom. There is a higher risk of unauthorized or unobserved removal of inventory during after-hours because individuals responsible for managing inventory and ensuring each transaction is documented are not on hand. While an after-hour log is monitored, a stronger preventative control would be to only grant access during the time needed to perform the job function.

Satellite Stockroom Access

The satellite locations do not have key card access on the stockroom doors. During the 2nd shift, the door to the stockroom is open and the repair crew has open access to the items. There are no parts clerks on duty to assist in proper physical control of the inventory. In addition, Fleet does not currently maintain an after-hour log at the satellite locations. Therefore, the satellite locations pose a high risk for unauthorized or unobserved removal of inventory.

Inconsistent Key Card Installation

The audit identified two locations where key card access had only been installed on some of the doors.

- In the case of Central Garage, three out of seven points of entry had key card access. The remaining doors were restricted by keys, however, nine individuals had a key to the remaining four doors.
- In the case of the Tire Shop, there are three points of entry and only one door is key card restricted. At the Tire Shop, all of the inventory is stored on the floor of the workshop so once access is granted, an individual has access to all tire inventory. Six repair and service personnel have both key card and keys to the three doors at the Tire Shop.

The advantage to the key card reader is that you can monitor who accessed the stockroom and at what time they accessed it. At Central Garage, the audit found that all of the nine individuals that have a key, already have access via key card. At the Tire Shop, the benefit provided by the key card access is rendered obsolete because all of the staff have keys to use the other doors.

Recommendation 9: Improve physical security

Fleet should improve physical security by enhancing its inventory access controls as detailed in Appendix F.

E. Fleet Inventory Management

Once management establishes policy and procedures to mitigate a business process risk, it is management's responsibility to monitor them to ensure that they are implemented as designed and operating effectively, as well as resolve problems identified by the controls.

DPW management has not provided adequate oversight over Fleet's inventory activity and related internal controls. Fleet's established procedures are not in compliance with the DPW Inventory Policy and the current reports and tools used by DPW management are not adequately designed to identify non-compliance. The DPW inventory policy is a high level policy that provides good guidance to the divisions, but it does require the divisions to implement more specific procedures and internal controls unique to their transactions. Fleet has not formally documented its procedures and practices which prevents DPW from ensuring the procedures are in compliance.

The audit identified two major Fleet Services inventory management weaknesses which continued without knowledge of the department's inventory manager. The first instance was the practice of returning inventory or adjusting inventory at a unit price of zero and the second instance was the practice of maintaining an off-the-books inventory of special order spare parts. The audit learned of both practices through observation of stockroom activity and inquiry with Fleet inventory personnel.

Another area worthy of greater management oversight concerns Fleet inventory stocking practices. The DPW inventory policy defines inventory as materials purchased in advance of needs, advantageously kept on hand and replenished in appropriate quantities because they are critical to the department's mission and are either difficult to obtain on short notice or are purchased in larger quantities for pricing and/or logistical advantage. DPW has not evaluated whether Fleet's stocking practices are consistent with this policy.

Although the audit did not evaluate or test the operational efficiency or benefit of maintaining Fleet inventory, the audit did perform a high level analysis of Fleet's inventory on hand, inventory disbursed, and special order purchases. An analysis of Fleet's Central Garage inventory as of August 31, 2010 showed that approximately 76 percent had a unit cost of less than \$5 and constitutes only 5 percent of Fleet's total

inventory carrying value. The most significant share of the carrying value, approximately 44 percent, consist of items with a unit price greater than \$100, but these items account for only 2 percent of the total inventory quantity on hand. Fleet is apparently expending resources to manage and maintain a significant number of inventory parts that make up only a small percentage of Fleet's inventory carrying value. See Table 2 for Fleet Central Garage inventory statistics as of August 31, 2010.

Table 2: Fleet Central Garage Inventory Statistics as of August 31, 2010

| Unit Price | Commodity Parts | | Quantity on Hand | | Carrying Value | |
|--------------|-----------------|------|------------------|------|----------------|------|
| < \$1 | 751 | 14% | 38,802 | 55% | \$ 5,201 | 1% |
| \$1 - \$5 | 1,044 | 20% | 14,767 | 21% | 35,972 | 4% |
| \$5 - \$10 | 741 | 14% | 4,913 | 7% | 35,280 | 4% |
| \$10 - \$20 | 730 | 14% | 3,518 | 5% | 50,821 | 6% |
| \$20 - \$60 | 1,095 | 20% | 5,689 | 8% | 216,917 | 27% |
| \$60 - \$100 | 371 | 7% | 1,484 | 2% | 112,325 | 14% |
| > \$100 | 589 | 11% | 1,215 | 2% | 346,344 | 44% |
| Total | 5,321 | 100% | 70,388 | 100% | \$802,860 | 100% |

An analysis of Fleet's inventory disbursed during calendar year 2010 shows that the majority of the disbursed parts on a quantity basis is again the items with a unit price of less than \$5. In 2010, 78 percent of the inventory disbursed to repair and maintenance work orders consisted of commodity parts with a unit price of \$5 or less for a total decrease in inventory carrying value of \$70,910 or 3.4 percent of the total inventory disbursed. See Table 3 for Fleet 2010 inventory disbursements.

Table 3: Fleet Inventory Disbursement Statistics for 2010

| Unit Price | Disbursed Inventory Quantity | | Disbursed Inventory Dollar Value | |
|--------------|------------------------------|------|----------------------------------|--------|
| < \$1 | 90,243 | 61% | \$ 7,633 | 0.4% |
| \$1 - \$5 | 25,132 | 17% | 63,277 | 2.6% |
| \$5 - \$10 | 8,010 | 5% | 56,519 | 3.0% |
| \$10 - \$20 | 6,154 | 4% | 87,604 | 5.0% |
| \$20 - \$60 | 9,569 | 6% | 356,053 | 19.0% |
| \$60 - \$100 | 4,492 | 3% | 340,389 | 18.0% |
| > \$100 | 3,909 | 3% | 944,130 | 51.0% |
| Total | 147,509 | 100% | \$1,855,606 | 100.0% |

In addition, the audit further notes that based on an analysis of Fleet's special order purchases directly associated with equipment work orders, Fleet is still making a

significant number of low dollar purchases on a just-in-time basis. During 2010, 44 percent of the quantity of special order parts purchased consisted of parts with a per unit price of less than \$5. The total cost to purchase these small dollar parts was only \$18,078 or 1 percent of total special orders purchased. See Table 4 for Fleet 2010 special order purchases associated directly to an equipment or vehicle.

Table 4: Fleet Direct Special Order Purchases Statistics for 2010

| Unit Price | Quantity Ordered | | Cost of Order | |
|--------------|------------------|------|---------------|--------|
| < \$1 | 5,076 | 21% | \$ 2,453 | 0.2% |
| \$1 - \$5 | 5,557 | 23% | 15,625 | 0.8% |
| \$5 - \$10 | 2,686 | 11% | 19,060 | 1.0% |
| \$10 - \$20 | 2,375 | 10% | 33,946 | 3.0% |
| \$20 - \$60 | 4,178 | 17% | 153,514 | 12.0% |
| \$60 - \$100 | 1,758 | 7% | 135,022 | 10.0% |
| > \$100 | 2,656 | 11% | 936,354 | 72.0% |
| Total | 24,286 | 100% | \$1,295,974 | 100.0% |

Recommendation 10: Re-evaluate Fleet inventory needs

DPW and Fleet management should re-evaluate its inventory requirements, to determine if operational efficiencies could be made through establishing a more just-in-time approach for purchasing parts, tools, and supplies, and consolidating and eliminating inventory locations at Fleet or among the other DPW divisions. Significant efficiencies may be possible, given the estimated low 1.1 inventory turnover rate and huge quantities of low unit price items found at Fleet. Streamlined City purchasing policies and use of the purchasing Procard may facilitate more frequent just-in-time purchasing. The Department of Administration Budget Office and the Comptroller's Office may be able to assist DPW with this study.

The audit did not evaluate the stocking practices at the other DPW divisions that store inventory. However, given the inventory audit findings at Fleet, DPW should consider this recommendation department-wide.

Recommendation 11: Develop new monitoring tools and reports

Once Fleet has formalized and documented its inventory procedures, as discussed in Recommendation 6, DPW should develop additional monitoring tools and reports to ensure Fleet's inventory transactions were processed accurately and in compliance with Fleet and DPW policy and procedures. The Comptroller's Office can assist DPW in establishing new tools and reports, but the process should address the following:

- Key activities to be monitored: Examples might include: inventory receipts versus processed vouchers, inventory disbursements versus processed work orders, and frequency and reason for manual adjustments.
- Performance standards and benchmarks: DPW should identify appropriate standards and benchmarks for analyzing the information in order to assist management in identifying inaccuracies or inconsistencies at the divisional level. Is there an historical monthly trend? Can information be compared against other divisions? Does a ratio analysis need to be created?
- Party performing the monitoring: DPW should designate the manager responsible for monitoring the process, such as the DPW inventory manager or Fleet inventory manager.
- Reports used for monitoring: DPW should develop appropriate monitoring tools and reports. These reports should be designed to properly match the level of manager responsibility by incorporating a "drill down" of information to provided additional detail data (or "roll up" summary), as needed.
- Monitoring frequency: DPW should specify a monitoring report schedule, such as monthly, quarterly, or annual reporting.

Enhancing the Reconciliation Process

The current reconciliation process results in a monthly plug each month between the inventory system and the general ledger. Given the challenges of getting all information into the FMIS general ledger, DPW should place greater emphasis on getting the Fleet inventory system sub-ledger accurate and develop tools to reconcile the activity posted in the inventory system to what is posted in the general ledger system. As such, the audit makes the following detailed recommendations:

RECOMMENDATION A1: All activity that affects the inventory balance should be first reported in the Fleet inventory system and then a process should be established as to how the activity will get reported in the FMIS general ledger system (i.e. through an IRI or other journal entry).

RECOMMENDATION A2: Given timing delays of activity hitting the FMIS general ledger, DPW should re-evaluate how it monitors the Fleet inventory balance to ensure the inventory system is accurate versus simply comparing the inventory system to the general ledger system. If the FMIS general ledger system is not current, the reconciliation cannot timely identify inaccuracies for investigation and correction by management.

RECOMMENDATION A3: DPW management should establish reporting requirements to assist in proper cut-off of information being entered into the Fleet inventory system. Examples may include cut-off guidelines for entering receipts and adjustments into the Fleet inventory system sub-ledger at the end of each month, specific reporting requirements over receipt activity, and guidance over the timing of when inventory value reports are to be generated each month.

RECOMMENDATION A4: DPW should continue to perform an annual comparison of the FMIS general ledger system to the Fleet inventory system at the end of each fiscal year and after all activity has been processed to the general ledger. Once the Fleet Focus inventory system has been determined to be accurate and complete, an adjusting entry should be posted to the FMIS general ledger system to bring the two systems in balance with each other.

RECOMMENDATION A5: Fleet should develop a process to batch its invoices in

groups that match the receiving report generated out of the Fleet inventory system. Establishing a daily receipt log that ties to the batches of invoices, would allow management to identify those receipts or invoices which have not been processed for payment and therefore have not hit the general ledger.

RECOMMENDATION A6: The DPW inventory manager should utilize the system generated reports and queries from Fleet staff when preparing the monthly reconciliation as it provides stronger support for the balances being analyzed.

Lack of Policy and Procedures for Special Order Purchases

The current DPW policy and procedures does not provide guidance over internal controls and proper transaction documentation for special order commodity part purchases. The audit documented and tested the current process for special order transactions and concluded that the internal controls surrounding these purchases lacked proper documentation over the purchase and receipt of the commodity part and the process did not allow for the addition of the part to inventory when not timely installed on the vehicle or equipment. The audit disclosed the following deficiencies as it relates to the special order purchases:

- The tracking of special order purchases is very informal. There is no electronic purchase order created. Rather, a special order parts pick-up tag is manually filled out at time of purchase. The pick-up tags are not pre-numbered, are not logged or tracked but are simply placed in a card box that sits on a counter in the stockroom at Central Garage.
- The tracking of the receipt of the special order item is also informal. When an item is received, the receiving clerk is to manually match the packing slip or the invoice to the parts pick-up tag. There is no log or entry into a system that the item was ever received.
- Since Fleet does not record the receipt of the item, there is no process for maintaining a record of special order items that don't get directly installed. Fleet assumes that all items received get directly installed on the equipment and therefore, immediately expensed to the work-order. However, as discussed earlier, the audit obtained evidence that not all parts are directly installed.
- There is inconsistent and/or missing documentation over the transaction. Out of a sample of 30 special order purchases, the audit noted the following discrepancies:
 - There were 26 purchases where the parts request form called the ME- 97 could not be found. Therefore, no documentation supporting the repair supervisor approval of the part request that led to the special order purchase.
 - There were 16 purchases where no parts pick-up tag could be found. Therefore, no documentation supporting that the item was actually received and reconciled to the invoice.
 - There were 13 purchases where neither the ME-97 nor the parts pick-up tag could be found. Therefore, no documentation supporting the appropriateness, authorization, or receipt of the item.

Given the significant amount of special order purchases occurring at Fleet, an increased emphasis should be placed on establishing policy and procedures that ensure proper documentation, authorization, and tracking of unused special order parts. Establishing good procedures and internal control will reduce the risk of unauthorized purchases, purchases recorded but parts not received, and purchases made but not recorded. Therefore, the audit has the following specific detailed recommendations:

RECOMMENDATION B1: Fleet needs to review the current process for acquiring special order commodity parts and implement internal controls over purchasing, receiving, tracking, and disbursing of the parts. Regardless of whether the part is installed on a piece of equipment or stored in the stockroom, there needs to be good control of the part from the time it is ordered to the time it is installed on the equipment.

RECOMMENDATION B2: Fleet should utilize its inventory system for tracking the purchase, receipt, and direct issue of the special order part because the system lowers the risk of the transaction being processed without sufficient documentation or support. The audit reviewed Fleet's inventory system manual and noted that the system has the capability to place special order purchases in the quick order screen and make a direct issue to the work order. Utilizing the inventory system to process significant special order purchases would minimize the risk of transactions being undocumented or unsupported.

RECOMMENDATION B3: All significant commodity part purchases not directly installed on an equipment or vehicle need to be recorded into the inventory system so that there is proper documentation and control over the item.

Internal Controls for Accounting and Transaction Documentation

The audit reviewed and tested internal controls over routine inventory transactions including the receipt of inventory, disbursement of inventory to a work order, and inventory transfer and stock returns. The audit also documented Fleet's use of the inventory system to process its routine transactions noting that Fleet is using its inventory system for all commodity parts that it considers inventory. The audit discovered that Fleet has not adequately implemented the DPW policy and procedures governing proper internal controls and documentation of inventory transactions such as receipts, disbursements, returns, and adjustments. Section 5 of the DPW inventory management policy and procedures provides guidance over general inventory accounting and transaction entry and documentation requirements. The weaknesses found, as it relates to routine transactions, primarily relate to the underlying documentation for each transaction and the timely and complete recording of the information into the system. Specific findings include:

- Receipt of Inventory: Fleet's inventory system has a good control governing the receipt of inventory because the receipt must be matched to the purchase order before it can be received in the system. The audit tested a sample of 30 inventory receipts that were received and found proper documentation supporting the purchase and receipt. The audit observed the following weaknesses regarding receipts:
 - Not all commodity parts require a purchase order (i.e. special order parts) and there is no restriction over who can create a purchase order and who receives the inventory. Therefore, the control is not as effective because parts can be purchased and received outside of the inventory system.
 - The management review and invoice authorization control that manually compares the receipt report to the actual invoice before payment approval is performed by the same individual who purchases the inventory and who has access to receive, disburse, and adjust inventory. As discussed under proper segregation of duties, one person should not have the ability to process a transaction from start to finish.
 - Despite the controls over receipts when entered into the Fleet inventory system, the audit was unable to reconcile the receipt report generated out of the Fleet inventory system to the receipts processed into the general ledger. The current report prepared out of the Fleet inventory system has

an error that results in adjustments to inventory receipts not being accurately updated.

- The audit found that the receipt of inventory recorded in the general ledger is based on processed vouchers rather than data from the Fleet system. To ensure inventory is stated properly, the inventory receipts between the two systems should be compared for accuracy and completeness. However, given the error in the Fleet receipt report, this comparison is difficult to perform.
- Disbursement of Inventory: Inventory disbursements are requested through a Fleet standard form called the ME-97 and it requires the repair supervisor to approve the disbursement, which is a good control. The audit sampled 30 inventory disbursements and found two instances where the ME-97 could not be found. The ME-97 form is not sequentially numbered which makes it harder for Fleet inventory management to ensure that all inventory disbursements are properly documented and approved.
- Transfer of Inventory and Return to Stock: The audit was unable to test internal controls over the transfer of inventoried parts or the process for returning parts to stock because Fleet's current process is very informal and is not properly documented. Since Fleet operates five stockroom locations, the transfer of inventory is a frequent process that should be formally documented and tracked so that accurate inventory levels can be maintained.

The risk of having inaccurate or incomplete transaction reports is that the City may be paying for items which have not been received or were received but not properly approved for purchase.

RECOMMENDATION C1: The inventory disbursement form could be enhanced by adding a sequential number to the form so that missing documents can be investigated to ensure that all inventory disbursement activity is completely recorded.

RECOMMENDATION C2: Fleet needs to develop a process for formally documenting inventory transfers and stock returns in accordance with DPW policy and procedures.

RECOMMENDATION C3: Fleet should evaluate the DPW standard inventory

transaction report to determine if it meets the needs of its common inventory transactions.

RECOMMENDATION C4: Fleet should review the reporting parameters set up in its inventory system for receipt reporting to fix any inaccuracies of actual activity. Linking this report to batched invoices sent over for invoice processing would allow for greater monitoring of receipt activity by the DPW inventory manager.

RECOMMENDATION C5: In connection with Fleet's review of proper segregation of duties, Fleet should ensure that individuals who perform the purchasing function are separate from the receipt function. In addition, the individual performing the purchasing should not also authorize the invoice for payment. Ideally, a manager should perform all significant purchases for payment.

Cycle Count and Variance Handling

Fleet has not adequately implemented the DPW policy and procedures governing the investigation and analysis of quantity variances identified through physical inventory counts. Section 6 of the DPW inventory management policy and procedures provides guidance to the division over proper procedures for conducting and verifying physical or cycle counts of inventory. Specific findings include:

- The personnel scheduling the cycle count are also the personnel performing the count rather than the manager per the DPW policy.
- Fleet is printing blind cycle count sheets, however, before entering the results of the count, the counter is looking up every inventory item and manually comparing the results to the count sheet. Therefore, the count is no longer blind and could therefore be falsified.
- The posting of the count is performed by the same person who performed the count, thus leading to improper segregation of duties. The audit further notes that the individuals performing the count have significant access to the entire inventory system.
- Correction activity is not being handled through the reversal/and or reprocessing of the original transactions. Rather, Fleet is using a manual adjustment without fully understanding the cause.
- Physical count adjustments identified outside of the cycle count process were not hitting the variance count but rather were adjusted manually and the audit did not obtain evidence that the manual adjustments hit the financial general ledger system.

The purpose of a cycle count is to verify the existence of physical assets and the completeness and accuracy of inventory records. As currently designed, the results of the cycle counts could be manipulated and lead to inaccurate and incomplete reporting of inventory. Therefore, the audit makes the following detailed recommendations over the cycle count process.

RECOMMENDATION D1: All physical count variances identified through the year during cycle count or other times should be documented and reviewed by the inventory manager. A quantity and dollar threshold should be established to give guidance over when a variance is investigated further.

RECOMMENDATION D2: All variances and adjustments should be recorded in a separate variance account in the general ledger.

RECOMMENDATION D3: Inventory management should develop the counting schedule to ensure that all parts are scheduled to be counted once a year.

RECOMMENDATION D4: Results from the cycle count should be entered blindly into the inventory system so that all variances can be system calculated. It is inefficient and weakens the control to manually check the inventory counts before entering the counts in the system.

RECOMMENDATION D5: A separate individual should be responsible for posting the results of the count as well as posting any adjustments to inventory. The individual who counts the inventory should not be responsible for posting the results.

RECOMMENDATION D6: A separate analysis of the satellite locations should be performed over whether periodic cycle counts versus a full physical is more appropriate. There is less monitoring of inventory transactions at the satellite locations and therefore, it may make more sense to perform a full physical count each year to get the inventory balances accurate at least once a year.

Enhance Controls over Manual Adjustments

Fleet should establish tighter control over the use of manual adjustments to inventory and limit their use to exceptions, not routine type transactions. To increase control over these adjustments, the audit makes the following detailed recommendations:

RECOMMENDATION E1: Fleet should limit the number of individuals that have access to post manual adjustments to a small number of individuals and establish a level of approval required before adjustments can be made. For example, adjustments to inventory prices should be restricted to appropriate users and for a justifiable reason.

RECOMMENDATION E2: Physical inventory adjustments should not be handled manually but should be processed through the inventory systems variance handling module.

RECOMMENDATION E3: Inventory quantity adjustments should not be added back at a zero cost. The adjustment should be to the quantity at the current moving average cost price.

RECOMMENDATION E4: All adjustments, manual or automatic, need to get recorded in the FMIS general ledger system.

RECOMMENDATION E5: The DPW inventory manager should review and analyze all manual inventory adjustments.

Physical Security Controls

Fleet has not adequately implemented section four of the DPW inventory management policy and procedures governing inventory access. Strong physical security controls mitigate the risk of unauthorized or unobserved removal of inventory. As such, the audit makes the following detailed recommendations over inventory access controls.

RECOMMENDATION F1: Fleet should remove stockroom access to any individual that does not regularly require access to perform their job function.

RECOMMENDATION F2: Temporary access (i.e. facilities maintenance and IT Support) can be granted, however, Fleet should develop a process for granting, monitoring, and removing the temporary access.

RECOMMENDATION F3: The satellite locations need to re-establish a process for documenting and monitoring the after-hour access that occurs. The process should be in accordance with the guidelines found within the DPW Inventory Management Policy.

RECOMMENDATION F4: Fleet should consider installing the key card system to the satellite locations so that the after-hour access log could be monitored.

RECOMMENDATION F5: Keys should be issued sparingly. If the individual already has access to stock room via key card, Fleet should determine if a key is still necessary for the other doors.

RECOMMENDATION F6: Fleet should consider installing key cards on any remaining unmonitored points of entry.



Department of Public Works

Jeffrey J. Mantes
Commissioner of Public Works

Preston D. Cole
Director of Operations

June 8, 2011

Mr. W. Martin Morics
City of Milwaukee Comptroller
200 E. Wells St. Room 404
Milwaukee, WI 53202-3546

Mr. Morics,

Thank you for the opportunity to respond to your audit report "Audit of the Department of Public Works Fleet Services Inventory". Upon its review, I found it to be thorough and objective, offering several recommendations that are certain to improve the management, security and accountability of DPW's inventory of fleet parts and supplies.

As stated in your report, DPW's Fleet Services Section maintains over 4,000 vehicles and equipment used to provide a variety of city services, many of which are crucial to public safety. The importance of this task cannot be overstated, nor can the efforts of Fleet Services to accomplish this task each day of the year. Effective parts and supplies inventory management is an essential aspect of this. Fleet Service's inventory includes over 4,700 unique items totaling nearly 90,000 units stored at five repair garages. In a given year, Fleet Services inventory will record over 150,000 disbursements. Given the important function served by Fleet Services inventory and the breadth of effort it requires, DPW has given full consideration to each of the audit's recommendations for improvement.

Attached is a list of the audit's recommendations with DPW's response to each. Of the 42 recommendations listed, 31 have been implemented and 9 are being evaluated for implementation. The remaining two recommendations have been determined to require additional staffing resources that are not included in DPW's 2011 Budget.

Lastly, I want to offer my appreciation to your audit staff for their thoughtfulness and professionalism while conducting this audit.

Very truly yours,

Jeffrey J. Mantes
Commissioner of Public Works

Attachment

Recommendation 1: Improve accuracy of Fleet inventory values

DPW Response: Fleet recognizes the importance of accurate inventory records and has always strived to maintain accurate records. We agree that Fleet's practice of tracking O&M funded consumable items in inventory at zero cost should be changed to include the actual cost, and we are complying with this recommendation. DPW will develop more specific definitions of what equipment and materials will be treated as inventory and will ensure that they are purchased with inventory funds and held in inventory at an accurate moving average cost.

Recommendation 2: Eliminate all "off-the-books" inventory

DPW Response: It is not Fleet's policy to allow off-the-books inventory. Instances of such found during the audit are mainly the result of two causes: Individuals attempting to simplify their jobs by ordering more parts than presently needed; Parts mistakenly ordered for the same vehicle at separate repair locations, due to a change in equipment location or other factors.

Both causes are related to management and staff reductions that have occurred over the past decade that have reduced oversight and slowed stores services. In 2010, a new Equipment Inventory Manager was appointed to Fleet. Since his appointment, he recognized and has worked to correct the issue of "off-the-books" inventory. Moving forward Fleet will:

- Identify and eliminate (install, return, remove as obsolete, or record as inventory) current "off-the-books" inventory.
- Appropriately address the causes of this issue, so that direct install parts are purchased only in quantities sufficient to meet the current need.
- Ensure that direct install parts not immediately installed will be received into inventory or returned for credit.

Recommendation 3: Redesign inventory reconciliation process

DPW Response: Fleet Services utilizes Fleet Focus, a computerized fleet maintenance information system, to track all of its equipment's repairs, maintenance costs, maintenance schedules, fuel use and related parts and supplies inventory. This functionality is highly advantageous for both fleet equipment management, as well as fleet parts inventory management. Unfortunately, due to the incompatibility of the Fleet Focus inventory system and the City's Peoplesoft financial system, reconciliation of inventory values between the two systems presents challenges due to the high transaction volume, transaction posting timing differences, and the manual nature of the process. We agree that this process can and should be improved. In working towards that goal, we will pursue the Audit recommendations. As to the recommendation that a year-end reconciliation be performed once voucher and journal entry is finalized, this has been performed since 2002 under

the guidance of the Comptroller's General Accounting Division.

Appendix A Enhancing the Reconciliation Process

RECOMMENDATION A1: All activity that affects the inventory balance should be first reported in the Fleet inventory system and then a process should be established as to how the activity will get reported in the FMIS general ledger system (i.e. through an IRI or other journal entry).

DPW Response: A longstanding IRI process that reports Fleet inventory activity to FMIS General Ledger already exists. However, we acknowledge that some Fleet inventory adjustment data was not reported, it was assumed to have been included in what was being reported to the FMIS General Ledger. Fleet will take steps to correct this gap in the process.

RECOMMENDATION A2: Given timing delays of activity hitting the FMIS general ledger, DPW should re-evaluate how it monitors the Fleet inventory balance to ensure the inventory system is accurate versus simply comparing the inventory system to the general ledger system. If the FMIS general ledger system is not current, the reconciliation cannot timely identify inaccuracies for investigation and correction by management.

DPW Response: Fleet has always worked to ensure that the Fleet Focus inventory module accurately reflects Fleet inventory activity. Due to data posting timing issues, the Fleet Focus inventory and FMIS General Ledger inventory are not likely to agree at any given point in time. Fleet will pursue audit recommendations to reduce data posting differences between the two systems and increase its ability to quantify any imbalance that might exist.

RECOMMENDATION A3: DPW management should establish reporting requirements to assist in proper cut-off of information being entered into the Fleet inventory system. Examples may include cut-off guidelines for entering receipts and adjustments into the Fleet inventory system sub-ledger at the end of each month, specific reporting requirements over receipt activity, and guidance over the timing of when inventory value reports are to be generated each month.

DPW Response: Fleet currently uses a fiscal period (monthly) cut-off point for all transaction entry including receipts and adjustments. Fleet will explore changing the timing of when reconciliation related reports are generated to better match the end of the fiscal period to be reviewed. This may not be possible due to staff workflow and workload considerations. As an alternative, Fleet will consider automating this reporting and examine ways to ensure the data being reported is only from the period under review, either by excluding or filtering out data from future fiscal periods.

RECOMMENDATION A4: DPW should continue to perform an annual comparison of the FMIS general ledger system to the Fleet inventory system at the end of each fiscal year and after all activity has been processed to the general ledger. Once the Fleet Focus inventory system has been determined to be accurate and complete, an adjusting entry should be posted to the FMIS general ledger system to bring the two systems in balance with each other.

DPW Response: DPW will continue to perform a year end reconciliation of the two systems as described in recommendation 3. We will pursue processing a year-end balancing adjustment prior to the closing of 2011 accounts.

RECOMMENDATION A5: Fleet should develop a process to batch its invoices in groups that match the receiving report generated out of the Fleet inventory system. Establishing a daily receipt log that ties to the batches of invoices, would allow management to identify those receipts or invoices which have not been processed for payment and therefore have not hit the general ledger.

DPW Response: This recommendation was recently attempted and was determined to be labor intensive and infeasible under current staffing resources. To implement such a process would require additional staffing of 0.25 FTE or authorizing staff overtime of approximately \$10,000 annually.

RECOMMENDATION A6: The DPW Inventory Manager should utilize the system generated reports and queries from Fleet staff when preparing the monthly reconciliation as it provides stronger support for the balances being analyzed.

DPW Response: While The DPW Inventory Manager does not himself run the queries used for the monthly reconciliation reports, he utilizes data that is generated from system reports and queries run by the Fleet Inventory Manager. Any transactions that appear odd are examined further using those reports and queries. Findings regarding the cause of imbalances are reported and tied to system detail. Also reported, is a brief description of each cause and a comment regarding follow-up action required. For any imbalance that can't be confirmed, the cause is listed as such. Copies of the monthly reports are provided to the Comptrollers General Accounting Division. It is our understanding that a Management Accounting Specialist from General Accounting reviews our report and validates the balances. On occasion they have called with questions, which we have addressed; and to our knowledge, to their satisfaction. DPW will explore the feasibility of requiring the Fleet Inventory Manager to send to all reports and queries used to generate monthly summary data in addition to, and at the same time, the monthly summary data is submitted to the DPW Inventory Manager.

Recommendation 4: Expand purchasing guidance in DPW policy

DPW Response: DPW recognizes the importance of good material controls and will review its Inventory Management Policy in the interest of controlling all parts and items.

Appendix B - Lack of Policy and Procedures for Special Order Purchases

RECOMMENDATION B1: Fleet needs to review the current process for acquiring special order commodity parts and implement internal controls over purchasing, receiving, tracking, and disbursing of the parts. Regardless of whether the part is installed on a piece of equipment or stored in the stockroom, there needs to be good control of the part from the time it is ordered to the time it is installed on the equipment.

DPW Response: Fleet recognizes the need for appropriate material controls and as such has long standing policies and procedures in place. To obtain new special order materials, an authorization request (signed by a repair supervisor) must first be submitted. There is then a paper and electronic documentation of the request, purchase, and receipt. Upon receipt of an invoice, appropriate payment approval is obtained before the invoice is forwarded to our Administration Services Division for voucher processing. Due to a two-year vacancy of an office assistant position and the high volume of transactions, some weakness in this process occurred. However, in 2010, the office assistant position was filled and the issues related to the vacancy are subsiding. Fleet is reviewing its before and after-acquisition procedures, to avoid possible duplicate ordering and to ensure proper control and documentation of parts ordered but not installed.

RECOMMENDATION B2: Fleet should utilize its inventory system for tracking the purchase, receipt, and direct issue of the special order part because the system lowers the risk of the transaction being processed without sufficient documentation or support. The audit reviewed Fleet's inventory system manual and noted that the system has the capability to place special order purchases in the quick order screen and make a direct issue to the work order. Utilizing the inventory system to process significant special order purchases would minimize the risk of transactions being undocumented or unsupported.

DPW Response: Fleet is in the process of reviewing and testing the Fleet software application in regards to this recommendation. If this review and testing proves this system feature to be practical and reliable, Fleet will implement its use.

RECOMMENDATION B3: All significant commodity part purchases not directly installed on an equipment or vehicle need to be recorded into the inventory system so that there is proper documentation and control over the item.

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DPW Response: Fleet is reviewing after-acquisition procedures to ensure proper control and documentation of parts ordered but not installed. The goal is to identify items purchased for direct installation that don't actually get installed within a reasonable time frame. Items identified as such will either be returned to the vendor for credit or received into inventory at its purchase price.

Recommendation 5: Clarify DPW definition of inventory

DPW Response: DPW's Inventory Policy includes a definition of inventory that was re-written in 2006 to replace a temporary definition offered by the Comptroller's office in 1995. Both definitions rely on management judgments to determine what an inventory item is within certain guidelines. Due to the wide variety of materials we use and the varied needs of our various divisions; an all inclusive definition of what is inventory is difficult to define. Recognizing this difficulty, DPW will review its Inventory Policy with the intent to revise its inventory definition to include the Audit recommendation of clear and measureable criteria.

Recommendation 6: Formalize and document Fleet procedures

DPW Response: Due to Fleet's unique use of a non-FMIS inventory control system; we agree that Fleet Management should develop written procedures specific to their inventory operations and in compliance to the spirit of DPW's overall Inventory Management Policy. See Appendix C for additional DPW response.

Appendix C - Internal Controls for Accounting and Transaction Documentation

RECOMMENDATION C1: The inventory disbursement form could be enhanced by adding a sequential number to the form so that missing documents can be investigated to ensure that all inventory disbursement activity is completely recorded.

DPW Response: Currently, disbursement record identification is sequenced by the City vehicle asset number. However, DPW will include sequencing numbers on its inventory disbursement form to provide additional administrative control.

RECOMMENDATION C2: Fleet needs to develop a process for formally documenting inventory transfers and stock returns in accordance with DPW policy and procedures.

DPW Response: Inventory transfers and stock returns have always been recorded electronically, paper documentation of transfers has been fully implemented during this audit, and paper documentation of returns is being developed.

RECOMMENDATION C3: Fleet should evaluate the DPW standard inventory transaction report to determine if it meets the needs of its common inventory transactions.

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Attachment to Department Response**

DPW Response: Fleet Management has considered the use of DPW standard inventory transaction form and feels that implementation of the changes recommended in C1 and C2 will duplicate the functionality of DPW's standard transaction form while better serving the specific needs of Fleet Services.

RECOMMENDATION C4: Fleet should review the reporting parameters set up in its inventory system for receipt reporting to fix any inaccuracies of actual activity. Linking this report to batched invoices sent over for invoice processing would allow for greater monitoring of receipt activity by the DPW Inventory Manager.

DPW Response: Fleet management has fully addressed the receipt reporting parameters issue. Beginning in April 2011, Fleet is now capturing previously un-reported "Inventory Receipt Returns" activity, along with the value of these inventory receipts. As for invoice batching please see our response to A5.

RECOMMENDATION C5: In connection with Fleet's review of proper segregation of duties, Fleet should ensure that individuals who perform the purchasing function are separate from the receipt function. In addition, the individual performing the purchasing should not also authorize the invoice for payment. Ideally, a manager should perform all significant purchases for payment.

DPW Response: Fleet's repair managers by policy have always performed the approval for payment of all special order purchases. Inventory purchase approval used to be the responsibility of an inventory management assistant position, but upon the elimination of that position, this approval was delegated to a lead worker. Fleet has now implemented a change to that practice, and all inventory purchases are now approved by the Fleet Inventory Manager. In regards to other aspects of this recommendation, Fleet Management has determined that current staffing levels and fundamental elements of the work require the cross-training of inventory personnel to perform both purchasing and receipt functions.

Recommendation 7: Reduce overlapping job responsibilities

DPW Response: As recommended, Fleet will review job responsibilities for the risk of transaction error or theft. Fleet has already changed how inventory purchases are approved. This is now done by the Fleet Inventory Manager. Where practical and appropriate, within available staffing resources and cost to benefit considerations, we will consider changing other work assignments and/or system access, and/or provide for additional staff training or adequate oversight.

Recommendation 8: Enhance controls over manual adjustments

DPW Response: Fleet will review work assignments and system access and as practical and appropriate, within available staffing resources, limit who has system access to make adjustments. See Appendix E for additional DPW response

Appendix E - Enhance Controls over Manual Adjustments

RECOMMENDATION E1: Fleet should limit the number of individuals that have access to post manual adjustments to a small number of individuals and establish a level of approval required before adjustments can be made. For example, adjustments to inventory prices should be restricted to appropriate users and for a justifiable reason.

DPW Response: Manual adjustment entry is presently limited to only the Fleet Inventory Manager, two lead workers, and one back-up clerk. Fleet will evaluate the operational impacts and consider removing this access from the back-up clerk or others, if feasible. It should be noted that, all adjustments are reason coded and are reviewed by the Fleet Inventory Manager for appropriateness on a monthly basis.

RECOMMENDATION E2: Physical inventory adjustments should not be handled manually but should be processed through the inventory systems variance handling module.

DPW Response: All adjustment types manual or automatic are and have always been processed through the inventory application software's adjustment functionality.

RECOMMENDATION E3: Inventory quantity adjustments should not be added back at a zero cost. The adjustment should be to the quantity at the current moving average cost price.

DPW Response: We agree, and this past practice has been discontinued. Further, to address these occasional incidents, a process to reconcile between the Inventory and O&M accounts will be developed.

RECOMMENDATION E4: All adjustments, manual or automatic, need to get recorded in the FMIS general ledger system.

DPW Response: We agree and this will be done in the future; complete reporting of all adjustments has been fully implemented to support the accurate recording of this data.

RECOMMENDATION E5: The DPW Inventory Manager should review and analyze all manual inventory adjustments.

DPW Response: Please see our comments for recommendation D1 at the end of this Attachment

to Department Response.

Recommendation 9: Improve physical security

DPW Response: Physical security of Inventory is a high priority for DPW. Efforts to maintain and improve security are an ongoing aspect of our inventory operations. Bi-annually, we circulate a checklist to our warehouse management asking them to review their facilities for needed repairs and improvements. Reported repair needs are addressed as quickly as possible; requested improvements are reviewed and if deemed appropriate, action is taken to implement those improvements, as funding and required resources are available. Card Reader Access log reports are reviewed regularly and when anomalies are noted they're investigated and appropriate responsive action is taken. See Appendix F for further DPW response.

Appendix F - Physical Security Controls

RECOMMENDATION F1: Fleet should remove stockroom access to any individual that does not regularly require access to perform their job function.

DPW Response: It has been our policy to limit access to those that work in the stockroom or may need to respond to emergency or maintenance situations. Our stockroom access lists have been reviewed annually to keep them appropriate and up to date; however Fleet agrees to take a more conservative approach to this process in the future. To supplement restrictive access to our stockrooms Fleet management reviews access log reports weekly and any questionable access is challenged.

RECOMMENDATION F2: Temporary access (i.e. facilities maintenance and IT Support) can be granted, however, Fleet should develop a process for granting, monitoring, and removing the temporary access.

DPW Response: We will explore having the City Hall Operator remotely activate any access needed after-hours.

RECOMMENDATION F3: The satellite locations need to re-establish a process for documenting and monitoring the after-hour access that occurs. The process should be in accordance with the guidelines found within the DPW Inventory Management Policy.

DPW Response: Currently, after-hours access to the satellite location stockrooms is limited. Exceptions include maintenance and repair, restocking or cycle counting by stores staff and during snow-emergencies. After-hours access to the Tire Shop is monitored weekly by Fleet's Inventory Manager via a review of the card access log report. At Tower, access requires first using a key card to enter the repair shop and then a key to enter the parts cage. At Lincoln and Northwest, access requires first using a key card to access the supervisor's office and then a key

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Attachment to Department Response**

to enter the stockroom. The card access log reports for these areas are monitored, but there's no reliable way to confirm parts cage or stockroom access. To better address security of these areas, Fleet is exploring the feasibility of replacing key access with a card reader. Fleet is also re-evaluating who has keys and also the possibility of re-keying these locks if card readers do not appear feasible in the near future.

RECOMMENDATION F4: Fleet should consider installing the key card system to the satellite locations so that the after-hour access log could be monitored.

DPW Response: Fleet has taken steps to address this concern. Card access pads have been added at the Tire Shop and also on the supervisor's office at the Lincoln satellite location, which must first be entered to gain access to the stockroom door. Where practical and as funding resources become available, we will take additional steps to address this issue.

RECOMMENDATION F5: Keys should be issued sparingly. If the individual already has access to stock room via key card, Fleet should determine if a key is still necessary for the other doors.

DPW Response: We agree and will limit the number of individuals who have both keys and cards. Also see our response to F1 above.

RECOMMENDATION F6: Fleet should consider installing key cards on any remaining unmonitored points of entry.

DPW Response: We assume this refers to the Central stockroom. As such, we agree. Where practical and as funding resources become available, we will comply.

Recommendation 10: Re-evaluate Fleet inventory needs

DPW Response: DPW routinely evaluates its inventory needs and will continue to do so in the future. Recently, we worked with the Budget Office on a study of our Infrastructure Inventory Operations. In regards to how Fleet purchases its materials; Fleet already buys a majority via a "just in time" approach. As the audit pointed out, approximately 52% of Fleet's 2010 purchases (\$1,945,000 of \$3,735,000) were direct purchases. The majority of its supply purchases are through vendor contracts established via a competitive bidding process. While Procard does have its benefits, and Fleet takes advantage when it's deemed appropriate, it isn't always an option. When it is, it doesn't always result in the lowest possible pricing. While it may be possible to increase the amount of direct purchases; a need for inventory will likely always exist due to the logistical advantages it provides, such as carrying additional stock into the winter season as it is

hard to find additional stock during periods of high demand.

Recommendation 11: Develop new monitoring tools and reports

DPW Response: DPW is open to suggestions to improve its operational and administrative oversight and will explore the implementation of the suggested bulleted items under this recommendation. Based on our thorough understanding of our operations and what's required to monitor them, we have employed a variety of tools and existing reports that address this recommendation's bulleted issues. Over time, we have added new reports and tools, and we've made modifications as they've been deemed appropriate. On the subject of modifications, DPW has requested capital funding in its 2012 Capital budget Request to examine the possibility of relocating its Streets and Electrical Services inventory stockroom at Canal Street to its inventory facility at 35th and Canal.

Appendix D - Cycle Count and Variance Handling

RECOMMENDATION D1: All physical count variances identified through the year during cycle count or other times should be documented and reviewed by the Inventory Manager. A quantity and dollar threshold should be established to give guidance over when a variance is investigated further.

DPW Response: Since January of 2007, DPW has taken a proactive approach to cycle counting. At that time, our inventory policy was revised to address a variety of documentation, procedural and review issues. This policy requires the Inventory Manager to review all cycle counts for count accuracy and to ensure each count is properly documented and conforms to department policy. It requires that a summary report of each count be issued and forwarded to divisional managers with oversight responsibilities. In addition, it requires a monthly cycle count summary report be issued and distributed that lists count progress and overall report variance to date, including dollar, unit and item accuracy data. Further, on a quarterly basis this information is presented to the Commissioner. At the end of each year, a variance report is produced that compares the year-endings counting activity against the prior 6 years. This allows us to identify patterns or trends. The report also breaks down counting results into various categories and the results are compared against established department guidelines; this will continue.

Just prior to the start of this Audit, we became aware that Fleet's manual count adjustments were not being included in this reporting and efforts were underway to correct this problem. Beginning with the start of 2011, Fleet's manual adjustments are now included.

While our inventory policy doesn't list a specific dollar variance investigation guideline, an implied guideline of +/- \$1,000.00 has been in place for years. Variances over this threshold have

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Attachment to Department Response**

been reported in detail to divisional management as part of the Inventory Manager's monthly Cycle Count Summary report. We'll take under consideration whether or not this guideline needs to become more formal and also if a guideline for quantity variance would be useful.

RECOMMENDATION D2: All variances and adjustments should be recorded in a separate variance account in the general ledger.

DPW Response: This is currently done at all of our other warehouses and is a requirement of our inventory policy. At Fleet, all adjustment activity is coded in the Fleet Focus system, so the value of this activity can be extrapolated. In the future, when reported to FMIS via an IRI, program code 0922 (Physical Inventory) will be used to segregate it from other Fleet Transaction activity charges.

RECOMMENDATION D3: Inventory management should develop the counting schedule to ensure that all parts are scheduled to be counted once a year.

DPW Response: Fleet has a counting schedule that strives to complete all required counts within the months of February through November. However, workload, weather conditions and staffing resources can all impact the feasibility of taking a count and can also impact the quality of a count. For these reasons, our inventory policy allows counting schedules to be determined by the Warehouse Manager, as they are in the best position to determine when counting can be conducted in a manner that produces accurate results, is consistent with efficient warehouse operation, and when it will limit, as much as possible, the disruption of other daily warehouse activities.

RECOMMENDATION D4: Results from the cycle count should be entered blindly into the inventory system so that all variances can be system calculated. It is inefficient and weakens the control to manually check the inventory counts before entering the counts in the system.

DPW Response: Our inventory policy requires blind counts, and we will continue to enforce that requirement. It is our understanding that the auditors came across a situation where an individual was checking counts before entering them into the system. Fleet management talked to this individual, and his response was that he was not looking up every inventory item to compare results. Instead, he was spot-checking selected items which he suspected were normally kept at a greater stock level than what was counted, and where there was the possibility of additional stock in an overflow bin location that could have been missed. His action was in the spirit of ensuring an accurate count. Fleet has since taken steps to ensure overflow locations are picked up and, as such, spot checking for this won't be necessary. This individual has been instructed to discontinue this practice.

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Attachment to Department Response**

RECOMMENDATION D5: A separate individual should be responsible for posting the results of the count as well as posting any adjustments to inventory. The individual who counts the inventory should not be responsible for posting the results.

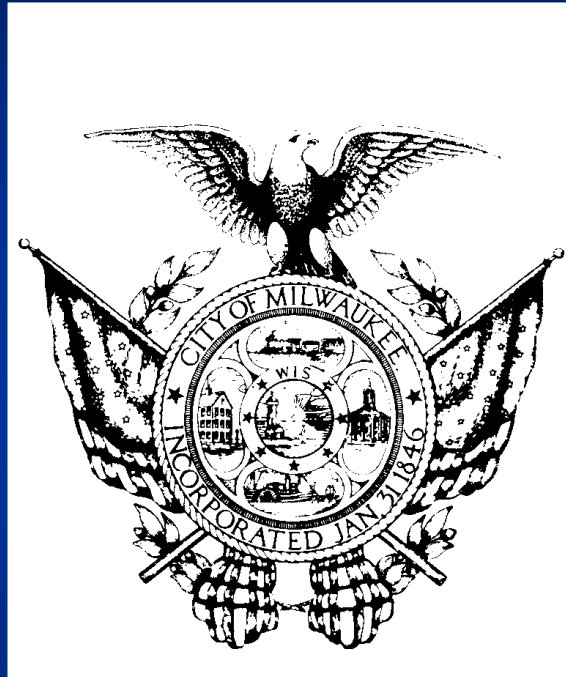
DPW Response: At Fleet, cycle counting is performed by a two-person team. Person 1 states the part number and quantity of the item on the shelf; person 2 records the quantity on the count sheet. Afterward, Person 2 enters the counts recorded on the count sheet into the Fleet Focus system. In the Fleet Focus software application, the posting and adjustment of the counts is one process and cannot be separated. Our recently acquired Office Assistant is being trained to perform the entry of the counts when scheduling allows. This, of course, takes the office assistant away from their primary duties (please reference recommendation B1). Fleet staffing is very tight, and in order to keep work moving forward, we may have no other option but to allow the same individual to do multiple counting tasks. It needs to be noted that Fleet's Inventory Manager reviews and then signs all posted counts. A report of his review findings is provided to key divisional management.

RECOMMENDATION D6: A separate analysis of the satellite locations should be performed over whether periodic cycle counts versus a full physical is more appropriate. There is less monitoring of inventory transactions at the satellite locations and therefore, it may make more sense to perform a full physical count each year to get the inventory balances accurate at least once a year.

DPW Response: It is our policy to count all inventory items at least once a year. At Fleet this happens in ten cycle segments. This is done to enhance count accuracy and limit disruption of normal work activities. A full physical count (or wall to wall count) would require additional man hours to complete and would likely have to be done on an overtime basis to avoid disrupting normal work activity. Industry best practices often cite full physical wall to wall counts as being less accurate. We question the benefit of a more costly, and potentially less accurate, full physical count.

DPW Summary Response: Of the Audit's 42 recommendations listed above, 31 we agree with and have complied, 9 are under review to determine if compliance is feasible and/or practical, one is not feasible due to staffing limitations and with one we disagree. To ensure our efforts to comply with these recommendations are successful and remain consistent, the availability of staffing resources is critical. We estimate that this assurance requires the addition of 1 Equipment Inventory Supervisor(Pay Grade 2) and 1 Office Assistant II(Pay Range 410) to current Fleet Stockroom staffing levels.

Audit of the Department of Public Works Fleet Inventory



W. Martin Morics

City Comptroller

Issued: June 2011

DPW Fleet Inventory Audit

Audit Objectives

- 1) Determine whether Fleet inventory accounts and records are accurate and complete.
- 2) Evaluate Fleet inventory policies, procedures, and internal controls.
- 3) Evaluate Fleet inventory physical security.
- 4) Evaluate Fleet inventory management and oversight.

DPW Fleet Inventory Audit

Background

| | <u>2010</u> | <u>2009</u> |
|---------------------|-------------|-------------|
| Total DPW Inventory | \$ 10.2M | \$ 9.7M |
| Fleet Inventory | 1.1M | 1.1M |

DPW Fleet Inventory Audit

Background

- Fleet commodity parts, tools and supplies purchases for 2010 totaled about \$3,772,000.
- Approximately \$1,827,000 of the purchases was recorded into inventory.
- Approximately \$1,945,000 was directly purchased and expensed on a special order basis outside of the inventory process.
- Fleet inventory disbursements for 2010 totaled approximately \$1,855,000.
- Fleet inventory turns approximately 1.6 times per year.

DPW Fleet Inventory Audit

Background

- Fleet utilizes the Fleet Focus automated system to manage its inventory.
- Unlike other DPW divisions, Fleet Focus is a separate system not integrated with the FMIS financial reporting system.
- Fleet performs periodic cycle counts of quantities on hand throughout a ten month period, ensuring that all commodity items are counted at least once.
- Fleet inventory has not been audited since 1994.

DPW Fleet Inventory Audit

Objective 1: Accuracy of Inventory Records

The audit concluded that Fleet is not accurately or consistently recording its purchases of commodity parts, tools, and supply purchases.

- Consumable items are recorded at a price of zero, which understates inventory by approximately \$100,000.
- Adjustments to inventory prices result in lowered carrying value.
- Evidence was obtained of off-the-books inventory of spare parts.
- Unknown or unreconciled difference is recorded each month between City's financial reporting system and Fleet's inventory system.

DPW Fleet Inventory Audit

Objective 1: Accuracy of Inventory Records

The audit makes three recommendations to improve Fleet's accuracy of inventory records.

- **Recommendation 1:** Establish a process for getting current inventory records accurately valued.
- **Recommendation 2:** Eliminate all “off-the-books” inventory to reduce potential theft, loss, and waste.
- **Recommendation 3:** Redesign the inventory reconciliation process to place greater emphasis on the Fleet inventory system activity.

DPW Fleet Inventory Audit

Objective 2: Inventory Policy, Procedures and Internal Controls

The DPW inventory policy and procedures generally provide good guidance to the divisions, however, Fleet has not sufficiently implemented all aspects of the policy. In addition, the audit found the DPW policy could be improved to clarify the definition of inventory and provide guidance over the purchase of inventory.

DPW Fleet Inventory Audit

Objective 2: Inventory Policy, Procedures and Internal Controls

The audit makes five recommendations to improve Fleet's internal control policy and procedures.

- **Recommendation 4:** Expand purchasing guidance in DPW policy to include both inventoried items and special order items.
- **Recommendation 5:** Clarify DPW definition of inventory to establish when commodities are recorded as inventory.
- **Recommendation 6:** Formalize and document Fleet inventory procedures.
- **Recommendation 7:** Reduce overlapping job responsibilities.
- **Recommendation 8:** Enhance controls over manual adjustments.

DPW Fleet Inventory Audit

Objective 3: Physical security of Fleet inventory

The audit concluded that Fleet has good physical security controls with some improvement needed over the inventory access controls.

- The majority of Fleet inventory is stored within locked stockrooms and Fleet has installed key card access to a substantial number of entry points at its warehouse locations.
- Access to the locked stockroom appears excessive and the individuals with access do not appear to need 24/7 access to perform their job duties.
- Benefit of locked stockroom is rendered obsolete at Central Garage because keyed doors have not been restricted.
- Satellite locations still have keyed doors to the actual stockroom which are left open during repair shift.

DPW Fleet Inventory Audit

Objective 3: Physical security of Fleet inventory

The audit makes one recommendation to improve physical security.

Recommendation 9: Fleet should improve physical security by enhancing its inventory access controls, such as:

- Remove stockroom access to any individual that does not require access to perform job function.
- Develop a process for granting, monitoring, and removing temporary access.
- Install key cards on any remaining unmonitored points of entry including the satellite stockroom doors.
- Issue keys sparingly.

DPW Fleet Inventory Audit

Objective 4: Inventory Management and Oversight

The audit concluded that inventory management and oversight needs improvement.

- Current reporting does not monitor for compliance with DPW policies and procedures.
- Poor inventory practices occurring at Fleet indicate a need for increased management oversight.

DPW Fleet Inventory Audit

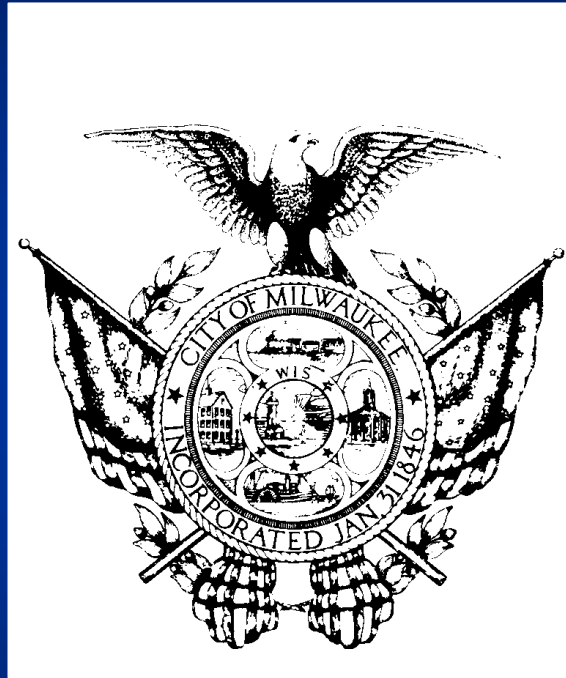
Objective 4: Inventory Management and Oversight

The audit makes two recommendations to improve inventory management and oversight.

Recommendation 10: Re-evaluate Fleet's inventory needs to determine if operational efficiencies could be made through establishing a just-in-time approach to purchasing parts versus stocking inventory.

Recommendation 11: In connection with Recommendation 6, DPW should develop new monitoring tools and reports to ensure Fleet's inventory transactions were processed accurately and in compliance with Fleet and DPW policy and procedures.

Audit of the Department of Public Works Fleet Inventory



W. Martin Morics

City Comptroller

Issued: June 2011



Legislation Details (With Text)

File #: 110341 **Version:** 0
Type: Resolution **Status:** In Committee
File created: 7/6/2011 **In control:** FINANCE & PERSONNEL COMMITTEE
On agenda: **Final action:**
Effective date:
Title: Resolution relating to the expenditure of funds to be reimbursed by greater than anticipated revenue. (Special Purpose Account - Firemen's Relief Fund)
Sponsors: THE CHAIR
Indexes: INSURANCE, REIMBURSABLE SERVICES
Attachments: Cover Letter, Fiscal Impact Statement

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 7/6/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
110341
Version
ORIGINAL
Reference

Sponsor
THE CHAIR
Title

Resolution relating to the expenditure of funds to be reimbursed by greater than anticipated revenue. (Special Purpose Account - Firemen's Relief Fund)

Analysis

This resolution authorizes supplemental appropriations necessary for payment required under provisions of the Milwaukee City Charter.

Body

Whereas, Section 304-91 of the Milwaukee Code of Ordinances establishes procedural guidelines related to the expenditure of funds to be reimbursed by greater than anticipated revenues; and

Whereas, The City of Milwaukee is annually required to pay to the Firemen's Relief Association 1/8 of the Fire Insurance Premium received from the State of Wisconsin; and

Whereas, The Fire Insurance Premium received by the City of Milwaukee results in an amount required to be paid to the Firemen's Relief Association greater than the appropriations in the Special Purpose Account, and

Whereas, The Comptroller has certified that greater than anticipated revenue in the amount of \$535.72, pursuant to s. 304-91,

Pursuant to s. 304-91, I hereby certify that the money required for this is to be realized on or before December 31, 2011, and is to be expended only for the purposes specific in this resolution.

Comptroller

Date

Resolved, By the Common Council of the City of Milwaukee, that the Comptroller is hereby authorized and directed to increase appropriations in the amount of \$535.72 in the Special Purpose Account Firemen's Relief Fund (0001-2110-0001-S133-006100) and to increase the estimated revenues (0001-3600-0001-009352) for the payment of 1/8 of the City's portion of the fire insurance premium received from the State of Wisconsin in 2011; and, be it

Further Resolved, That the Comptroller is authorized to expend these funds for payment to the Association; and be it

Further Resolved, That the Comptroller is authorized and directed to establish the necessary accounts and accounting procedures to carry out the intent of this resolution.

Requestor
CITY COMPTROLLER
Drafter
CITY COMPTROLLER
WMM:BL:
06-28-11

June 28, 2011

To the Honorable
The Common Council
Milwaukee, Wisconsin 53202

Dear Council Members:

The attached resolution authorizes an increase of \$535.72 to the appropriations in the Special Purpose Account – Firemen's Relief Fund. This supplemental appropriation is needed to provide for the additional liability to be paid to the Firemen's Relief Association for Fire Insurance Premium received by the City of Milwaukee. The amount required by Milwaukee City Charter Section 20.18(2) is 1/8 of \$1,044,285.74 or \$130,535.72. The 2011 budgeted appropriation is \$130,000.00

This resolution is recommended for adoption.

Respectfully submitted,

W. MARTIN MORICS
Comptroller

June 28, 2011



City of Milwaukee Fiscal Impact Statement

| | | | | | | |
|----------|----------------|------------------------------------------------------------------------------------------------------------------------|--------------------|--|-----------------------------------------------------|--------------------------------------------|
| A | Date | 6/28/2011 | File Number | | <input checked="" type="checkbox"/> Original | <input type="checkbox"/> Substitute |
| | Subject | Resolution relating to the expenditure of funds to be reimbursed by greater than anticipated revenues-Firemen's Relief | | | | |

| | | |
|----------|---------------------------------------------|-----------------------------------------------------|
| B | Submitted By (Name/Title/Dept./Ext.) | Beverly LaFlex/Accounting Manager/Comptroller/x2308 |
|----------|---------------------------------------------|-----------------------------------------------------|

| | | |
|----------|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| C | This File | <input checked="" type="checkbox"/> Increases or decreases previously authorized expenditures. <input type="checkbox"/> Suspends expenditure authority. <input type="checkbox"/> Increases or decreases city services. <input type="checkbox"/> Authorizes a department to administer a program affecting the city's fiscal liability. <input type="checkbox"/> Increases or decreases revenue. <input type="checkbox"/> Requests an amendment to the salary or positions ordinance. <input type="checkbox"/> Authorizes borrowing and related debt service. <input type="checkbox"/> Authorizes contingent borrowing (authority only). <input type="checkbox"/> Authorizes the expenditure of funds not authorized in adopted City Budget. |
|----------|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| | | | |
|----------|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| D | Charge To | <input type="checkbox"/> Department Account <input type="checkbox"/> Capital Projects Fund <input type="checkbox"/> Debt Service <input type="checkbox"/> Other (Specify) _____ | <input type="checkbox"/> Contingent Fund <input checked="" type="checkbox"/> Special Purpose Accounts <input type="checkbox"/> Grant & Aid Accounts |
|----------|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|

| E | Purpose | Specify Type/Use | Expenditure | Revenue |
|----------|--------------------|----------------------------|-------------|---------|
| | Salaries/Wages | | \$0.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | Supplies/Materials | | \$0.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | Equipment | | \$0.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | Services | | \$0.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | Other | SPA-Firement's Relief S133 | \$535.72 | \$0.00 |
| | | | \$0.00 | \$0.00 |

| | | | | |
|--|---------------|--|------------------|----------------|
| | TOTALS | | \$ 535.72 | \$ 0.00 |
|--|---------------|--|------------------|----------------|

| | | | |
|----------|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| F | Assumptions used in arriving at fiscal estimate. | 1/8 of State Aid revenue received of \$1,044,285.74=\$130,535.72 minus \$130,000.00 of 2011 budget appropriation=\$535.72 Supplemental Appropriation requested. | |
|----------|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|

| | | |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| G | <p>For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately.</p> <p> <input type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years _____ <input type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years _____ <input type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years _____ </p> | |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|

| | | | |
|----------|---------------------------------------------------------------|--|--|
| H | List any costs not included in Sections D and E above. | | |
|----------|---------------------------------------------------------------|--|--|

| | | | |
|----------|--------------------------------|--|--|
| I | Additional information. | | |
|----------|--------------------------------|--|--|

| | | |
|----------|-----------------------------------------------------------------------------|--|
| J | This Note <input type="checkbox"/> Was requested by committee chair. | |
|----------|-----------------------------------------------------------------------------|--|



Legislation Details (With Text)

File #: 100876 **Version:** 0

Type: Charter Ordinance **Status:** In Committee

File created: 11/3/2010 **In control:** FINANCE & PERSONNEL COMMITTEE

On agenda: **Final action:**

Effective date:

Title: A charter ordinance relating to the annual service retirement allowance for elected officials.

Sponsors: ALD. DUDZIK

Indexes: CITY ATTORNEY, CITY TREASURER, COMMON COUNCIL MEMBERS, COMPTROLLER, RETIREMENT BENEFITS

Attachments:

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 11/3/2010 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number

100876

Version

ORIGINAL

Reference

Sponsor

ALD. DUDZIK

Title

A charter ordinance relating to the annual service retirement allowance for elected officials.

Sections

36-05-1-g am

Analysis

This charter ordinance changes the computation for the annual service retirement allowance for elected officials on or after April 17, 2012. The percentage of final average salary that is multiplied by the number of years of creditable service to determine the annual service retirement allowance is decreased from 2.5% to 2.0% for years of service on or after April 17, 2012.

Body

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. Section 36-05-1-g of the city charter is amended to read:

36-05. Benefits.

1. SERVICE RETIREMENT ALLOWANCE.

g. Elected Officials. The annual service retirement allowance for elected officials elected to office by vote of the people, except the mayor, shall equal 2.60% of the member's final average salary times the number of years of creditable service accrued as an elected official for years of service prior to 1996 ~~[[and]]~~ >>_<< 2.50% of the member's final average salary times the number of years of

creditable service accrued as an elected official for years of service ~~[[on or after]]~~ >>between<< January 1, 1996 >>and April 16, 2012, and 2.0% of the member's final average salary times the number of years of creditable service accrued as an elected official on or after April 17, 2012<< . The annual service retirement for the mayor shall equal 2.60% of the mayor's final average salary times the number of years of creditable service accrued for years of service prior to 1996, and 2.0% of the mayor's final average salary times the number of years of creditable service accrued for years of service on or after January 1, 1996. Service before or after service for elected officials shall be credited at the rate applicable to such service.

Part 2. This is a charter ordinance and shall take effect 60 days after its passage and publication, unless within such 60 days a referendum petition is filed as provided in s. 66.0101(5), Wis. Stats., in which event this ordinance shall not take effect until submitted to a referendum and approved by a majority of the electors voting thereon.

LRB

APPROVED AS TO FORM

Legislative Reference Bureau

Date: _____

Attorney

IT IS OUR OPINION THAT THE ORDINANCE
IS LEGAL AND ENFORCEABLE

Office of the City Attorney

Date: _____

Requestor

Drafter

LRB122792-1

MET

11/1/2010



Legislation Details (With Text)

File #: 110175 **Version:** 0

Type: Resolution **Status:** In Committee

File created: 5/24/2011 **In control:** FINANCE & PERSONNEL COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Resolution authorizing the Department of Employee Relations to contract with a vendor for the City Basic Plan/ Preferred Provider Organization health benefits for 2012-2014.

Sponsors: ALD. MURPHY

Indexes: DEPARTMENT OF EMPLOYEE RELATIONS, HEALTH INSURANCE

Attachments: Cover Letter, Benefit Team Recommendation, Fiscal Impact Statement

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 5/24/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
110175
Version
ORIGINAL
Reference

Sponsor
ALD. MURPHY
Title
Resolution authorizing the Department of Employee Relations to contract with a vendor for the City Basic Plan/ Preferred Provider Organization health benefits for 2012-2014.
Requestor

Drafter
DER
mb
5/20/11

..Number
110175

..Version
SUBSTITUTE 1

..Reference

..Sponsor
THE CHAIR

..Title
Substitute resolution authorizing the Department of Employee Relations to contract with a vendor for the City Basic Plan/Preferred Provider Organization health benefits for 2012-2014.

..Analysis
This resolution authorizes the Department of Employee Relations to contract with UnitedHealthcare to administer the City's self-insured Basic Plan/Preferred Provider Organization for 2012, 2013 and 2014, and to extend this UnitedHealthcare contract for an additional 2 years with the approval of the Common Council. The City's contract with the incumbent administrator, Anthem Blue Cross Blue Shield, will end on December 31, 2011. UnitedHealthcare will administer both this long-standing benefit plan and the City's new, self-insured EPO or Exclusive Provider Organization.

..Body
Whereas, The contract between the City and Anthem Blue Cross Blue Shield to administer the City's self-insured Basic Plan/Preferred Provided Organization will end on December 31, 2011; and

Whereas, The Department of Employee Relations, working with Willis of Wisconsin, has prepared a Request for Proposals (RFP) for bids to administer the City's Basic Plan/Preferred Provided Organization; and

Whereas, The Benefits Review Team recommends that the City should contract with UnitedHealthcare to administer its Basic Plan/Preferred Provider Organization health plan benefits plan as UnitedHealthcare's bid was the lowest of the 5 bids received; and

Whereas, The City is interested in sustaining good health benefits for all City employees and retirees at the most affordable costs to the City employees and retirees and the City; therefore, now, be it

Resolved, By the Common Council of the City of Milwaukee, that the Department of Employee Relations is authorized, in conjunction with the City Attorney, to

execute a contract for a 3-year period, January 1, 2012 through December 31, 2014 with UnitedHealthcare to administer the City Basic Plan/Preferred Provided Organization healthcare benefit plan; and, be it

Further Resolved, That the Department of Employee Relations is authorized to extend the contract for up to 2 years with Common Council approval.

..Drafter
DER
MB
07/14/11

LRB #131361-2
Aaron Cadle
07-18-11



Department of Employee Relations

July 14, 2011

Tom Barrett
Mayor

Maria Monteagudo
Director

Michael Brady
Employee Benefits Director

Troy M. Hamblin
Labor Negotiator

Alderman Michael Murphy, Chairman
City of Milwaukee Common Council Finance and Personnel Committee
200 East Wells Street, Room 205
Milwaukee, WI 53202

**File No: 110175 Basic Plan type health insurance or Preferred Provider
Organization (PPO) health plan recommendation for Administrator**

Dear Alderman Murphy:

The Department of Employee Relations (DER) recommends that the City enter into a three-year contract with an option to extend with UnitedHealthcare to administer the City Basic Plan type health insurance, or Preferred Provider Organization type plan. The contract would begin on January 1, 2012 and extend through December 31, 2014, with the option of extending for one or two years.

The DER did a request for proposal process and had five vendors bid to be the administrator of the City Basic Plan type health insurance. The Basic Plan is a self-funded plan that allows members to see any provider both in-network and out-of-network. The new in-network and out-of-network benefit designs are described in File #110300.

The contract with UnitedHealthcare will result in lower costs to the City than the other four vendors. The other vendors were Anthem, the current administrator, Humana, Wisconsin Public Service and the WEA. There was a five person team that reviewed the proposals under the direction of staff from Willis of Wisconsin, the City's benefit consultant. The team included Troy Hamblin, Labor Relations; Renee Joos, Budget; Jim Michalski, Comptroller's; Matt Hanchek, Milwaukee County Benefits; and Michael Brady, Employee Benefits. The attached sixteen page document from Willis indicates the reason the team recommends UHC and the 2012 premiums.

If you have any questions or comments regarding this file, please contact me at mbrady@milwaukee.gov or 286-2317 if you have any questions.

Sincerely,
Michael Brady
Employee Benefits

CC: Maria Monteagudo, DER
Troy Hamblin, DER
Renee Joos, Budget

City Of Milwaukee

**Benefits Team Recommendation Regarding 2012
Contracts for HMO, Self Insured Basic Medical Plan
Administration, UR, Provider Network and PBM
Services**

July 14, 2011

Willis
2323 N. Mayfair Road
Suite 600
Milwaukee, WI 53226
(414) 475-1100

Table of Contents

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| How Did the Benefits Team Reach These Recommendations? | 4 |
| • HMO Selection Process | 4 |
| • Basic Health Plan Administration Selection Process | 8 |
| • Prescription Benefit Manager Selection Process | 10 |

Appendices

- Appendix A – 2012 UHC vs. WEA TRUST HMO Rate Comparison
- Appendix B – 2012 UHC Renewal Calculation
- Appendix C – EPO Cost Comparison
- Appendix D – New PPO Basic Plan Cost Comparison
- Appendix E – Combined EPO/PPO Cost Comparison
- Appendix F – EPO/TPA Vendor Scoring

EXECUTIVE SUMMARY

What is the Recommendation of the Benefits Team?

HMO Plan

As a result of a request for proposal (RFP) process and evaluations, the Benefits Team recommends the following for the HMO plan effective 1/1/2012:

Change the funding of the HMO to a self insured EPO and enter into a three-year contract for 2012 through 2014 with UnitedHealthcare (UHC) for administration and provider network services. UHC is the incumbent HMO.

Basic Health Plan

As a result of a request for proposal (RFP) process and evaluations, the Benefits Team recommends the following for the Basic Health plan effective 1/1/2012:

Enter into a three-year contract for 2012 through 2014 with UnitedHealthcare (UHC) for administration and provider network services. Anthem is the incumbent administrator.

Prescription Benefit Management Services

As a result of a request for proposal (RFP) process and evaluations, the Benefits Team recommends the following for the Prescription Benefit Management Services (PBM) effective 1/1/2012:

Enter into a three-year contract for 2012 through 2014 with Medco for PBM and Medicare PDP services. Navitus is the incumbent PBM and PDP.

Who Was on the Benefits Team?

The City staff members on the Benefits Team were:

- **Michael Brady** – Director Employee Benefits, Department of Employee Relations
- **Troy Hamblin** – Labor Negotiator
- **James Michalski, CPA**, – Auditing Manager, Office of the Comptroller
- **Renee Joos** – Special Assistant, Budget Office
- **Matthew Hanchek, Milwaukee County Employee Benefits**

Assisting the City team were the following individuals:

- **Douglas Ley**, Senior Vice President, Willis
- **Clete Anderson**, Vice President, Willis

The City retained the services of Willis to assist in the following:

- Assist in the preparation of the RFP,
- assist the Benefits Team in evaluating the carrier responses and making recommendations,
- conduct financial analyses, and
- draft this final report.

How Did the Benefits Team Reach This Recommendation?

HMO Selection Process

Found below is a brief history of the City's HMO program.

Before 2003 Multiple HMOs offered (managed competition)

2003 Broad and narrow network HMOs only with Compcare (Anthem today) offered lower cost to the City than managed competition model

2007 Broad and narrow network HMOs only with Humana (narrow network much broader)

2008 Broad network only with UHC, only UHC and Humana quote, UHC increase 6% for all groups, Humana increase 19%

2009 UHC and City agree to 10% increase for all groups for not putting out to bid, 10% increase leaves rates still lower than Humana's 2008 rate proposal

2010 20.4% UHC rate renewal for all groups, UHC only carrier to quote

2011 UHC rebalanced the rates resulting in a 12% increase for actives, 52.6% increase for pre-Medicare retirees, 16.9% decrease for Medicare retirees and an overall 17.05% UHC rate renewal, UHC only carrier to quote

2012 UHC offers .5% rate reduction for 2012. Following finalist discussions, UHC revises its 2012 rate action to a 1.7% decrease. Only other carrier to quote an insured plan is WEA TRUST, but the proposal is deemed noncompliant.

The City goal for healthcare is to keep the cost as affordable as possible to the City while providing employees "choice." The City currently offers a broad network HMO through UHC and a Basic Plan administered by Anthem.

Because the number of HMOs available in Southeast Wisconsin is limited and the City has had contracts with them in the past, an abbreviated RFP focusing on the premium rates was e-mailed to the following companies.

- Anthem
- Humana
- UnitedHealthcare (UHC)
- WEA TRUST
- WPS

Respondents were asked to provide quotes for a lower cost, narrow network HMO as well as a higher cost, broad network HMO. None of the vendors had a lower cost narrow network. Respondents were asked to provide quotes assuming they would not be the only HMO offered. Respondents were instructed to assume prescription drugs would be carved out on a self insured basis.

The respondents were also asked to provide quotes for an Exclusive Provider Organization (EPO). The EPO would have benefits identical to the HMO, but the program would be self insured rather than insured as is the case with the HMO. EPO proposals were sought in the event that either the HMO proposal received would be deemed uncompetitively priced that or no vendor would provide an HMO proposal.

Proposals were received from Anthem, Humana, UHC, WEA TRUST and WPS. UHC provided a broad network HMO proposal and an EPO proposal. Anthem, Humana and WPS provided only EPO proposals. WEA TRUST provided an insured HMO proposal for the current HMO plan design but no EPO proposal.

Appendix A compares the UHC and WEA TRUST HMO proposals. The WEA TRUST rates for the current plan for active employees were roughly \$2.1 million higher than UHC's rates for the same plan. Also, WEA TRUST is unable to offer a self insured EPO or PPO plan, so the combination of higher rates and inability to offer self insured plans eliminated WEA TRUST from further consideration.

UHC initially offered to renew the HMO contract with .5% overall decrease. As the only HMO finalist, UHC was asked whether its .5% proposal was its best and final offer. After consideration, UHC's best and final offer was a 1.7% rate decrease for 2012.

The team determined that its analysis must address whether the rates from UHC were reasonable and competitive, or whether one of the EPO proposals would provide a convincing expectation of savings versus the added risk of a self insured plan.

The team determined that the UHC potential savings of changing to a self insured EPO outweighed the added risk of the self insured funding assumed by the City. A summary of the analysis and conclusions follows.

Found in Appendix B is the UHC HMO rate renewal calculation illustrating the assumptions and methodology that went into UHC's overall rate renewal. Two fundamental components of the projection are the annual health care trend which is the expected increase in health care costs, and total retention charge which is the cost UHC charges to administer the HMO program.

City Of Milwaukee**Benefits Team Recommendations Regarding 2012 Contract for HMO, Self Insured Basic Medical Plan Administration, UR, Provider Network and PBM Services**

July 14, 2011

Below is a comparison of the UHC renewal calculation with an EPO assuming 8.0% annual trend rate vs. UHC's 11.5%. The retention/expense charges for a self insured EPO were estimated at 7.4%, which includes expected expenses as well as a two percentage point load for the value of the insurance protection provided by the insured plan that would be lost.

UHC used an annual trend factor of 11.5%. No one knows what trend will be next year, but claims experience for the last year and a half would indicate that lower trend is plausible, so 8% was used for the EPO projection.

The other primary factor is the retention charge, the amount of each premium dollar UHC says it needs for non-claim related expenses, such as administration and premium taxes. UHC used 15.6% as the percent of each premium dollar it needs to cover its expenses.

The UHC calculation using these factors produced a Calculated Increase of 8.07%. UHC reduced it to a .5% overall decrease, the Final Renewal Action, without written explanation. UHC has previously indicated that this type reduction comes from reduced retention rather than reduced trend, suggesting that UHC believes that its trend factor is accurate and is accepting reduced administration fees.

| | HMO | EPO | |
|----------------------------|---------------|---------------|---------------|
| Incurred Claims PMPM | \$386.15 | \$386.15 | |
| Annual Trend | 11.5% | 8.0% | |
| Months | 21 | 21 | |
| Total Trend | 21.006% | 14.417% | |
| Trended Claims | \$467.27 | \$441.82 | |
| Pooling Charge | \$4.52 | \$4.52 | |
| Expected Claims | \$471.79 | \$446.34 | |
| Retention | 15.6% | 7.4% | |
| Calculated Renewal | \$559.01 | \$482.01 | |
| Current Premium PMPM | \$517.28 | \$517.28 | |
| Calculated Renewal Action | 8.07% | -6.82% | |
| Final Renewal Action | -1.70% | -6.82% | |
| | | | Difference |
| Annualized Total Gross Cos | \$132,191,037 | \$125,308,302 | (\$6,882,735) |

Proposed Plan
(all employees in proposed plan)

| | | | |
|----------------------------|---------------|---------------|---------------|
| Annualized Total Gross Cos | \$112,935,209 | \$107,055,059 | (\$5,880,150) |
|----------------------------|---------------|---------------|---------------|

Note:

HMO premiums are guaranteed. EPO cost is a projection only.

Last year UHC's 2011 rate proposal followed this same pattern of a calculated rate versus a final rate, calculating a 24.79% rate increase then cutting the actual offer to 17.05%.

After finalist discussions with UHC, UHC's best and final offer for the 2012 HMO rates was a 1.7% decrease.

The analysis then looked at the projected cost of an EPO program. The EPO cost estimate incorporated two different assumptions from the HMO rate projection, a lower annual trend rate of 8% versus UHC's 11.5% as well as the lower retention charges of a self insured plan, 7.4% versus 15.6%.

The cost projection of an EPO program came to a 6.82% reduction. Based on current enrollment and the current plan design, the 2012 annual gross cost difference is roughly \$6.9 million.

In prior years it was the conclusion of the selection team that UHC's insured HMO rates were reasonable and accepted a reasonable amount of risk. However, for 2012 the conclusion is that there is too great a spread between the insured rates and the projected cost of a self insured EPO plan to continue the insured HMO arrangement.

One should note two important issues regarding this switch to a self insured EPO program. First, the HMO rates are guaranteed while the EPO cost is an estimate. There is no guarantee on the EPO cost. It could cost even less than projected or perhaps even more than the HMO rates. On average over the long run a self insured program will cost less than an insured program, but there is no assurance that the change can be timed to coincide with good claims experience. Second, once the HMO plan is changed to self insured it is unlikely in the future that the City will find a carrier willing to quote and insured program, or at least at a competitive rate. So going back to an insured plan will probably no longer be an option.

The bidders were asked if they would offer a cap on their 2013 HMO rate increase. UHC declined.

Note that the provider network for UHC's HMO program is the same as for its EPO program.

Due to recent changes in Wisconsin law regarding collectively bargained health benefits, the City now has the ability to change health plan benefits without collective bargaining. Effective 1/1/2012, the HMO/EPO benefit design will be changed to require greater out-of-pocket expense, to employees, such as a \$500 single, \$1,000 family deductible not included today. UHC offered to reduce its HMO rates by 15.6% for the benefit plan change. That reduction was reasonable given the proposed plan design change.

Note that a benefit change would impact the relative costs of the vendors' proposals uniformly and was thus not a factor in the selection process but of course will reduce total plan cost.

Additional "tiers" were added to rates to accommodate the expected change in employee contributions. The change in tiers or any change in employee contributions (payroll deductions) would apply uniformly and thus were also not included in the analysis process. The combination of these factors led the Team to conclude that switching to an EPO with UHC would likely cost the City less than the UHC HMO in 2012.

The last piece of the HMO analysis was to assess whether an EPO with Anthem, Humana or WPS would be more cost effective than the UHC EPO.

Found in Appendix C is an analysis of the respective administration fees and network discounts quoted for a self insured EPO program.

Annual EPO administration fees could run anywhere from about \$2.3 million to \$3.8 million depending on the vendor selected, the range of service chosen and the year. However, the biggest differential among the bidders is the magnitude of provider network discounts, not the fees. Based on expected medical 2012 claims of roughly \$100 million, each percentage point of network discount differential is worth \$1 million, increasing each year with trend.

Among the four EPO offers, UHC was projected to have the lowest overall cost if the City would choose to switch to an EPO type model in 2012. Thus, choosing a bidder other than UHC would not reduce the cost of the health care program.

In the year that a self insured EPO is adopted there would be a one-time cash flow "break" since run out claims, claims incurred in the prior year but paid in the subsequent year, will be covered by the HMO policy. This break would result in roughly a one month reduction in claims paid in the 2012. From an accounting perspective there would be no reduction because a reserve equal to any reduction would need to be set up recognizing that the City has accepted and must pay the run out should it ever want to return to an insured plan. Also note that while claims paid in the first year would be reduced, in the second year, assuming 8% trend, would increase roughly 20% by returning to a full twelve months of claims. This one time break is available whenever the plan goes self insured, but is best taken when other circumstances are more favorable.

Basic Health Plan Administration Selection Process

The Basic Health Plan is self insured and administered by Anthem, administers the plan and provides the provider network and the associated provider discounts. Responses to the RFP were received from the following organizations:

- Anthem
- Humana
- UnitedHealthcare (UHC)
- WPS

The current Basic Health Plan is a "base, major medical" plan, a design seldom seen anymore. Perhaps the greatest shortcoming of the benefit design is that it does not include any "steerage", higher benefit payments for network providers than non network providers. This lack a benefit differential led to problems in the past for the City to access many PPO networks because the contracts between the network and the providers require a meaningful benefit differential between in and out of network providers, benefit steerage the Basic Plan does not have. It is our understanding that Anthem was able to offer substantial network discounts despite no benefit steerage that the other networks could not.

Due to recent changes in Wisconsin law regarding collectively bargained benefits, the City now has the ability to change health plan benefits without collective bargaining. Effective 1/1/2012, the Basic Health Plan will be changed to a PPO design with higher benefit coinsurance paid for in network provider claims than out of network provider claims. Introducing benefit steerage allowed other networks to offer higher discounts than before, making them competitive with Anthem.

Just as with the EPO, the relative network discounts, rather than the administration fees, are the biggest determinant of the relative cost of each vendor's proposal. In Appendix D is a summary analysis of estimated cost of the new Basic Health Plan PPO for the respective bidders. Based on our analysis, UHC's proposal is projected to provide the lowest total PPO plan cost due to the highest average network discounts.

Appendix E illustrates the total cost of the respective vendors of consolidating the EPO and PPO plan administration and networks. UHC's total cost, projected as lowest on the EPO and PPO individually, was then lowest on a combined basis.

In addition to lower projected total cost, consolidating the administration of the PPO and EPO plans offers other advantages, including simplified administration, communication, enrollment, data reporting as well as stop loss insurance, should the City decide that this coverage is advisable. Having one health plan administrator, given the health plans will both be self insured, makes sense.

No two provider networks include all of the same providers. While inevitably some City employees will find that their current doctor is not in the UHC network, the UHC provider network is very broad, includes most of the providers in the Anthem network and also includes providers that are not in the Anthem network. In other words, employee access will be excellent and "disruption" of current providers small with the change to the UHC network. Employees who have a provider not in the UHC network would still have benefit coverage under the PPO plan design.

A scoring of the relative projected plan costs is found in Appendix F. The respective proposals were not scored for qualitative response by the team. However, UHC has demonstrated on the HMO plan that it can effectively administer health plans, plus UHC would have to have been scored 4 full points below all the other vendors for the composite score to be equal to the second most favorable proposal, a highly unlikely result.

Given all of these factors it is the recommendation of the selection team that the plan administration, utilization management and provider network of the new PPO Basic Plan should be awarded to UHC effective 1/1/2012. Thus UHC will be the administrator of both the PPO and EPO plans beginning in 2012, effective through 2014.

Prescription Benefit Manager Selection Process

Prescription drug programs are routinely placed with firms other than TPA. For the prescription drug programs, the City of Milwaukee is currently using a stand alone Pharmacy Benefit Management firm called Navitus. The City of Milwaukee sent the pharmacy RFP to the following PBMs. Here is a list of the proposals the team received:

Navitus (Incumbent)
Informed Rx
Envision Rx
Catalyst Rx
Medco
Procure Rx
RxEDO
Restat
Wisconsin Rx/CVS
Humana

Since some of the bidders offered more than one proposal, the total number compared was ten.

“Transparency” is a watchword these days for PBMs. Concern has been growing over poorly disclosed amounts that PBMs are being paid, primarily through some portion of the rebate that prescription drug manufacturers pay for use of certain drugs, or through the PBM “skimming” of some of the discount negotiated with drug manufacturers. As part of our evaluation, the RFP required respondents to address these issues.

The financial analysis of the PBMs is similar to that used for the medical plan network analysis. The PBM might charge an administrative fee, either per script or per employee per month. There are dispensing fees paid to the pharmacist for the retail program. Annual fee amounts were determined for each proposal based on the expected number of prescriptions for the projected years.

The next step was to determine the relative values of their discounts, and the resulting impact on net claim cost to the City. Each bidder was asked to provide their discount as it would relate to the average wholesale price, called AWP. We received discounts for retail brand and retail generic drugs, and for mail order brand and mail order generic drugs.

The last step of the analysis relates to rebates. Based on how rebates are structured, some PBMs will share a portion of rebates. We asked all PBMs to indicate how much of the rebate that they would keep versus sharing with the City. We also asked all PBMs to indicate if rebates that they provided within their proposals were estimates or guarantees.

The relative saving of these programs are projected over a three-year period using the same cost and script trend factors for all proposals.

Below is a summary of the three-year total results.

City Of Milwaukee**Benefits Team Recommendations Regarding 2012 Contract for HMO, Self Insured Basic Medical Plan Administration, UR, Provider Network and PBM Services**

July 14, 2011

| PBM | Total Cost | | | Rank |
|---------------------------|--------------|---------------------------|--------------------------|------|
| | 3 Year Total | 3 Year Total Savings (\$) | 3 Year Total Savings (%) | |
| Navitus - Current Pricing | \$63,548,805 | \$0 | 0.0% | 0 |
| Medco | \$59,188,607 | \$4,360,197 | -6.9% | 1 |
| Restat | \$59,200,968 | \$4,347,837 | -6.8% | 2 |
| Humana | \$59,832,560 | \$3,716,245 | -5.8% | 3 |
| Navitus | \$60,791,948 | \$2,756,857 | -4.3% | 4 |
| ProCare Rx | \$61,605,143 | \$1,943,662 | -3.1% | 5 |
| Wisconsin Rx/CVS | \$61,729,499 | \$1,819,306 | -2.9% | 6 |
| Envision Rx | \$62,071,445 | \$1,477,360 | -2.3% | 7 |
| Informed Rx | \$62,449,176 | \$1,099,629 | -1.7% | 8 |
| Catalyst | \$62,928,847 | \$619,958 | -1.0% | 9 |
| RxEDO | \$63,322,440 | \$226,365 | -0.4% | 10 |

Medco offered the lowest total ingredient, dispensing administration fee and three-year total cost, with Restat being second followed by Humana.

The team recognized that Navitus has done an excellent job for the City on its prescription drug program and thus was picked Navitus as a finalist, though only fourth in the financial analysis, along with Medco. Medco and Navitus as finalists were asked whether their proposals were final or if they would offer further reductions. Both bidders improved their terms to the City in their best and final offers. In this last step the savings differential between Medco and Navitus actually grew from the original proposals by roughly \$460,000/year, and the final figures are shown above. Medco's financial proposal was clearly the best of all bidders.

The City was also interested in leveraging pricing and exploring advantages related to group purchasing. The City of Milwaukee, Milwaukee County, Milwaukee Metropolitan Sewage District and the Milwaukee Public Schools were all invited to participate in the pharmacy RFP. In theory, as the collective groups come together and leverage their size pricing should improve, but that is far from the truth when evaluating PBMs. Through our analysis, we concluded that pricing would not improve materially if all the entities participated within a group purchasing arrangement. Navitus is the only PBM that improved their pricing based on group purchasing, which was insignificant related to the total drug expenditures.

Below is a summary of the total results.

City Of Milwaukee***Benefits Team Recommendations Regarding 2012 Contract for HMO, Self Insured Basic Medical Plan Administration, UR, Provider Network and PBM Services***

July 14, 2011

| PBM | Additional Savings due to Group Purchasing |
|------------------|--------------------------------------------|
| Medco | 0% |
| Restat | 0% |
| Humana | 0% |
| Navitus | < 1% |
| ProCare Rx | 0% |
| Wisconsin Rx/CVS | 0% |
| Envision Rx | 0% |
| Informed Rx | 0% |
| Catalyst | 0% |
| RxEDO | 0% |

The City offers an insured Medicare Part D PDP drug plan to its Medicare retirees through Navitus and Dean Health. Navitus would no longer offer an insured PDP beginning in 2012. The team reviewed the proposed self insured PDP discounts and fees from Navitus and Medco and determined that Medco's terms were the most favorable, plus placing all of the prescription drug administration with one vendor offers improved administration, communication reporting.

Based on both the best financial terms and the qualitative analysis, Medco was chosen as the PBM and Medicare PDP for the City's self insured prescription drug plans for three years effective 1/1/2012.

Appendices

- Appendix A – 2012 UHC vs. WEA TRUST HMO Rate Comparison
- Appendix B – 2012 UHC Renewal Calculation
- Appendix C – EPO Cost Comparison
- Appendix C – New PPO Basic Plan Cost Comparison
- Appendix E – Combined EPO/PPO Cost Comparison
- Appendix F – EPO/TPA Vendor Scoring

HMO Rates and Annualized Premiums UHC vs. WEA TRUST

| 2011 HMO Rates | | | | 2012 HMO Rates | | | | HMO | | | | HMO | | HMO | | EPO | |
|----------------|--|--|--|----------------|--|--|--|-----|--|--|--|-----|--|-----|--|-----|--|
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UnitedHealthcare
Financial Exhibits - Medical

Appendix B

Customer Name: City of Milwaukee
Medical Policy: 712481
Renewal Date: January 1, 2012

Renewal rates effective: 1/1/12 to 12/31/12

| Historical Information | Current Period | Prior Period | Blended |
|---------------------------------------------------|--------------------|-------------------------------|---------------|
| Beginning of Experience Period | 4/1/2010 | 4/1/2009 | |
| End of Experience Period | 3/31/2011 | 3/31/2010 | |
| Medical Incurred Claims | \$86,169,599 | \$82,072,500 | |
| Rx Incurred Claims | \$0 | \$0 | |
| Member Months | 223,150 | 222,854 | |
| Experience Rating PMPM | | | |
| A Incurred Medical Claims PMPM | \$386.15 | \$368.28 | |
| B Pooled Claims Over \$500,000 | \$0.00 | \$1.67 | |
| C Adjusted Medical Claims (A - B) | \$386.15 | \$366.61 | |
| D Incurred Rx Claims PMPM | \$0.00 | \$0.00 | |
| E Total Incurred Claims (C + D) | \$386.15 | \$366.61 | |
| F Trend Factor (Current 21 mos, Prior 33 mos) | 1.21006 | 1.349 | |
| G Plan Change Adjustment | 1.000 | 1.000 | |
| H Trended/Adjusted Claims (E * F * G) | \$467.27 | \$494.69 | |
| I Claim Period Weighting | 100% | 0% | \$467.27 |
| J Adjustment for Membership Shift | | | 1.000 |
| K Pooling charge for \$500,000 | | | \$4.52 |
| L Expected claims (I * J + K) | | | \$471.79 |
| Retention: | | | |
| M Administration | | | 13.8% |
| N Commission | | | 0.0% |
| O Premium tax | | | 1.8% |
| P Other adjustment | | | 0.0% |
| Q Total retention (M + N + O + P) | | | 15.6% |
| R Experience Premium PMPM [L / (1 - Q)] | | | \$559.01 |
| Manual Rating PMPM | | | |
| S Manual Premium PMPM (unadjusted) | | | \$521.65 |
| T Age/Sex Adjustment | | | 1.046 |
| U Other Adjustment | | | 1.000 |
| V Manual Premium PMPM (S * T * U) | | | \$545.64 |
| Renewal Action | | | |
| | Calculated Premium | Credibility Factor | |
| W Experience Rating | \$559.01 | x 100.0% | \$559.01 |
| X Manual Rating | \$545.64 | x 0.0% | \$0.00 |
| Y Initial Calculated Renewal Premium PMPM (W + X) | | | \$559.01 |
| Z Other Adjustment | | | 1.000 |
| AA Final Calculated Renewal Premium PMPM (Y x Z) | | | \$559.01 |
| AB Current Premium PMPM | | | \$517.28 |
| AC Calculated Renewal Action (AA / AB) - 1 | | | 8.07% |
| AD Suggested Renewal Action (current plan) | | | -0.50% |
| AE Prospective Plan Change | | | 1.000 |
| AF Final Renewal Action ((1 + AD) * AE) - 1 | | | -0.50% |
| Current Subscribers | 7,166 | Final Renewal Premium PMPM | \$514.70 |
| Current Members | 18,020 | Final Renewal Monthly Premium | \$9,274,828 |
| | | Final Renewal Annual Premium | \$111,297,933 |

Final renewal monthly/annual premiums are calculated using current enrollment
Rates and benefits are subject to regulatory and home office approval

5/26/2011 15:34

EPO Cost Comparison

| | | UHC | | WPS | Humana HPN | Anthem | |
|--------------------------------------------------------------|---------------------|---------------|------|---------------|--------------------|------------------------|----------|
| Claims (All active employee and retirees in new plan) | | | | | | | |
| 2012 | | | | | | | |
| | Inpatient Hospital | \$29,739,895 | 30% | \$34,800,895 | \$31,826,906 | \$30,783,400 | |
| | Outpatient Hospital | \$29,739,895 | 30% | \$42,011,515 | \$37,065,301 | \$34,686,110 | |
| | Physician | \$39,653,194 | 40% | \$52,791,777 | \$43,294,006 | \$40,919,563 | |
| | Total | \$99,132,985 | 100% | \$129,604,187 | \$112,186,213 | \$106,389,073 | |
| 2013 | | | | | | | |
| | Inpatient Hospital | \$32,713,885 | | \$38,280,985 | \$35,009,596 | \$33,861,741 | |
| | Outpatient Hospital | \$32,713,885 | | \$46,212,667 | \$40,771,831 | \$38,154,721 | |
| | Physician | \$43,618,513 | | \$58,070,955 | \$47,623,407 | \$45,011,520 | |
| | Total | \$109,046,283 | | \$142,564,606 | \$123,404,834 | \$117,027,981 | |
| 2014 | | | | | | | |
| | Inpatient Hospital | \$35,985,273 | | \$42,109,083 | \$38,510,556 | \$37,247,915 | |
| | Outpatient Hospital | \$35,985,273 | | \$50,833,934 | \$44,849,014 | \$41,970,193 | |
| | Physician | \$47,980,365 | | \$63,878,050 | \$52,385,747 | \$49,512,672 | |
| | Total | \$119,950,911 | | \$156,821,067 | \$135,745,317 | \$128,730,779 | |
| Totals | | | | | | | |
| | Inpatient Hospital | \$98,439,054 | | \$115,190,963 | \$105,347,057 | \$101,893,056 | |
| | Outpatient Hospital | \$98,439,054 | | \$139,058,116 | \$122,686,147 | \$114,811,023 | |
| | Physician | \$131,252,072 | | \$174,740,782 | \$143,303,160 | \$135,443,754 | |
| | Total | \$328,130,179 | | \$428,989,861 | \$371,336,364 | \$352,147,833 | |
| Administration Fee | | | | | | | |
| | | UHC | | WPS | Humana HPN | Anthem Non Medicare | Medicare |
| Administration Fee | | | | | | | |
| 2012 | | \$35.63 | | \$21.01 | \$28.02 | \$41.19 | \$28.14 |
| 2013 | | \$38.48 | | \$21.54 | \$28.88 | \$42.84 | \$29.27 |
| 2014 | | \$40.40 | | \$22.07 | \$29.77 *estimated | \$44.98 | \$30.73 |
| UM | | | | | | | |
| 2012 | | \$0.00 | | \$1.60 | \$3.65 | \$0.00 | |
| 2013 | | \$0.00 | | \$1.65 | \$3.75 | \$0.00 | |
| 2014 | | \$0.00 | | \$1.68 | \$3.85 *estimated | \$0.00 | |
| DM | | | | | | | |
| 2012 | | \$0.00 | | \$3.85 | \$5.50 | \$0.00 | |
| 2013 | | \$0.00 | | \$3.85 | \$5.66 | \$0.00 | |
| 2014 | | \$0.00 | | \$3.85 | \$5.82 *estimated | \$0.00 | |
| Annualized | | | | | | | |
| 2012 | | \$3,105,368 | | \$2,306,148 | \$3,239,589 | \$3,461,230 | |
| 2013 | | \$3,353,763 | | \$2,356,698 | \$3,337,203 | \$3,599,909 | |
| 2014 | | \$3,521,102 | | \$2,405,506 | \$3,437,433 | \$3,779,715 | |
| Total | | \$9,980,234 | | \$7,068,352 | \$10,014,224 | \$10,840,854 | |
| Combined Claims and Administration | | | | | | | |
| 2012 | | \$102,238,353 | | \$131,910,335 | \$115,425,801 | \$109,850,304 | |
| 2013 | | \$112,400,046 | | \$144,921,304 | \$126,742,037 | \$120,627,889 | |
| 2014 | | \$123,472,014 | | \$159,226,572 | \$139,182,750 | \$132,510,494 | |
| Total | | \$338,110,412 | | \$436,058,212 | \$381,350,589 | \$362,988,687 | |

Cash Flow Savings in 2012 of an EPO

All of the claim figures above are "mature" amounts. If the City were to switch to an EPO it would receive a cash flow "break" in the first year since 2010 run out claims, claims incurred in 2010 but paid in 2012, would be covered by the UHC HMO plan. That break would be worth roughly \$10 million. Note that cash claims for 2013 would grow by the \$10 million plus trend, so large paid claim increase would occur in 2013. On an accrual basis there is no reduction for the change because the \$10 million becomes an liability on the City's balance sheet.

New PPO Basic Plan Cost Comparison

| | | UHC | | WPS | Humana HPN | Anthem | |
|--------------------------------------------------------------|---------------------|---------------|------|---------------|--------------------|------------------------|----------|
| Claims (All active employee and retirees in new plan) | | | | | | | |
| 2012 | | | | | | | |
| | Inpatient Hospital | \$13,416,029 | 30% | \$15,699,108 | \$14,357,505 | \$13,886,767 | |
| | Outpatient Hospital | \$11,906,524 | 30% | \$16,819,532 | \$14,839,289 | \$13,886,767 | |
| | Physician | \$17,942,670 | 40% | \$23,887,746 | \$19,590,101 | \$18,515,689 | |
| | Total | \$43,265,223 | 100% | \$56,406,386 | \$48,786,895 | \$46,289,223 | |
| 2013 | | | | | | | |
| | Inpatient Hospital | \$14,757,632 | | \$17,269,019 | \$15,793,255 | \$15,275,444 | |
| | Outpatient Hospital | \$13,097,176 | | \$18,501,485 | \$16,323,218 | \$15,275,444 | |
| | Physician | \$19,736,937 | | \$26,276,521 | \$21,549,111 | \$20,367,258 | |
| | Total | \$47,591,746 | | \$62,047,025 | \$53,665,584 | \$50,918,146 | |
| 2014 | | | | | | | |
| | Inpatient Hospital | \$16,233,395 | | \$18,995,920 | \$17,372,581 | \$16,802,988 | |
| | Outpatient Hospital | \$14,406,894 | | \$20,351,634 | \$17,955,540 | \$16,802,988 | |
| | Physician | \$21,710,631 | | \$28,904,173 | \$23,704,022 | \$22,403,984 | |
| | Total | \$52,350,920 | | \$68,251,727 | \$59,032,143 | \$56,009,960 | |
| Totals | | | | | | | |
| | Inpatient Hospital | \$44,407,057 | | \$51,964,047 | \$47,523,341 | \$45,965,199 | |
| | Outpatient Hospital | \$39,410,595 | | \$55,672,651 | \$49,118,046 | \$45,965,199 | |
| | Physician | \$59,390,238 | | \$79,068,440 | \$64,843,234 | \$61,286,932 | |
| | Total | \$143,207,889 | | \$186,705,138 | \$161,484,621 | \$153,217,330 | |
| Administration Fee | | | | | | | |
| | | UHC | | WPS | Humana HPN | Anthem Non Medicare | Medicare |
| Administration Fee | | | | | | | |
| 2012 | | \$35.63 | | \$21.01 | \$28.02 | \$41.61 | \$28.42 |
| 2013 | | \$38.48 | | \$21.54 | \$28.88 | \$43.27 | \$29.56 |
| 2014 | | \$40.40 | | \$22.07 | \$29.77 *estimated | \$45.43 | \$31.03 |
| UM | | | | | | | |
| 2012 | | \$0.00 | | \$1.60 | \$3.65 | \$0.00 | |
| 2013 | | \$0.00 | | \$1.65 | \$3.75 | \$0.00 | |
| 2014 | | \$0.00 | | \$1.68 | \$3.85 *estimated | \$0.00 | |
| DM | | | | | | | |
| 2012 | | \$0.00 | | \$3.85 | \$5.50 | \$0.00 | |
| 2013 | | \$0.00 | | \$3.85 | \$5.66 | \$0.00 | |
| 2014 | | \$0.00 | | \$3.85 | \$5.82 *estimated | \$0.00 | |
| Annualized | | | | | | | |
| 2012 | | \$1,313,464 | | \$975,421 | \$1,370,235 | \$1,289,843 | |
| 2013 | | \$1,418,527 | | \$996,803 | \$1,411,523 | \$1,341,415 | |
| 2014 | | \$1,489,306 | | \$1,017,446 | \$1,453,916 | \$1,408,274 | |
| Total | | \$4,221,297 | | \$2,989,670 | \$4,235,674 | \$4,039,533 | |
| Combined Claims and Administration | | | | | | | |
| 2012 | | \$44,578,688 | | \$57,381,807 | \$50,157,130 | \$47,579,067 | |
| 2013 | | \$49,010,272 | | \$63,043,827 | \$55,077,107 | \$52,259,561 | |
| 2014 | | \$53,840,226 | | \$69,269,173 | \$60,486,059 | \$57,418,234 | |
| Total | | \$147,429,186 | | \$189,694,808 | \$165,720,295 | \$157,256,862 | |

Combined EPO/PPO Cost Comparison

| | | UHC | | WPS | | Humana HPN | | Anthem |
|---------------------------------------------------------------|---------------------|---------------|------|---------------|--|--------------------|--|---------------------------------|
| Claims (All active employee and retirees in new plans) | | | | | | | | |
| 2012 | | | | | | | | |
| | Inpatient Hospital | \$43,155,925 | 30% | \$50,500,003 | | \$46,184,410 | | \$44,670,168 |
| | Outpatient Hospital | \$41,646,419 | 30% | \$54,104,120 | | \$51,904,590 | | \$48,572,877 |
| | Physician | \$57,595,864 | 40% | \$76,679,523 | | \$62,884,107 | | \$59,435,253 |
| | Total | \$142,398,208 | 100% | \$181,283,646 | | \$160,973,107 | | \$152,678,297 |
| 2013 | | | | | | | | |
| | Inpatient Hospital | \$47,471,517 | | \$55,550,003 | | \$50,802,852 | | \$49,137,184 |
| | Outpatient Hospital | \$45,811,061 | | \$59,514,532 | | \$57,095,049 | | \$53,430,164 |
| | Physician | \$63,355,450 | | \$84,347,476 | | \$69,172,517 | | \$65,378,778 |
| | Total | \$156,638,029 | | \$199,412,011 | | \$177,070,418 | | \$167,946,126 |
| 2014 | | | | | | | | |
| | Inpatient Hospital | \$52,218,669 | | \$61,105,004 | | \$55,883,137 | | \$54,050,903 |
| | Outpatient Hospital | \$50,392,168 | | \$65,465,985 | | \$62,804,554 | | \$58,773,181 |
| | Physician | \$69,690,995 | | \$92,782,223 | | \$76,089,769 | | \$71,916,656 |
| | Total | \$172,301,831 | | \$219,353,212 | | \$194,777,460 | | \$184,740,739 |
| Totals | | | | | | | | |
| | Inpatient Hospital | \$142,846,110 | | \$167,155,010 | | \$152,870,399 | | \$147,858,254 |
| | Outpatient Hospital | \$137,849,648 | | \$179,084,637 | | \$171,804,193 | | \$160,776,222 |
| | Physician | \$190,642,309 | | \$253,809,222 | | \$208,146,394 | | \$196,730,686 |
| | Total | \$471,338,068 | | \$600,048,869 | | \$532,820,986 | | \$505,365,162 |
| Administration Fee | | | | | | | | |
| | | UHC | | WPS | | Humana HPN | | Anthem Non Medicare Medicare |
| Administration Fee | | | | | | | | |
| 2012 | | \$35.63 | | \$21.01 | | \$28.02 | | \$41.61 \$28.42 |
| 2013 | | \$38.48 | | \$21.54 | | \$28.88 | | \$43.27 \$29.56 |
| 2014 | | \$40.40 | | \$22.07 | | \$29.77 *estimated | | \$45.43 \$31.03 |
| UM | | | | | | | | |
| 2012 | | \$0.00 | | \$1.60 | | \$3.65 | | \$0.00 |
| 2013 | | \$0.00 | | \$1.65 | | \$3.75 | | \$0.00 |
| 2014 | | \$0.00 | | \$1.68 | | \$3.85 *estimated | | \$0.00 |
| DM | | | | | | | | |
| 2012 | | \$0.00 | | \$3.85 | | \$5.50 | | \$0.00 |
| 2013 | | \$0.00 | | \$3.85 | | \$5.66 | | \$0.00 |
| 2014 | | \$0.00 | | \$3.85 | | \$5.82 *estimated | | \$0.00 |
| Annualized | | | | | | | | |
| 2012 | | \$4,418,833 | | \$3,281,569 | | \$4,609,823 | | \$4,786,298 |
| 2013 | | \$4,772,290 | | \$3,353,501 | | \$4,748,726 | | \$4,977,420 |
| 2014 | | \$5,010,408 | | \$3,422,952 | | \$4,891,349 | | \$5,225,729 |
| Total | | \$14,201,530 | | \$10,058,022 | | \$14,249,898 | | \$14,989,448 |
| Combined Claims and Administration | | | | | | | | |
| 2012 | | \$146,817,040 | | \$184,565,215 | | \$165,582,931 | | \$157,464,595 |
| 2013 | | \$161,410,318 | | \$202,765,511 | | \$181,819,144 | | \$172,923,547 |
| 2014 | | \$177,312,239 | | \$222,776,164 | | \$199,668,809 | | \$189,966,469 |
| Total | | \$485,539,598 | | \$610,106,891 | | \$547,070,884 | | \$520,354,610 |

COMPOSITE SCORES

| | | | | | | | | | | | |
|--------------|--|--|--------|--|--------|--|------|--|------|--|--------|
| QUANTITATIVE | | | Anthem | | Humama | | UHC | | WPS | | Weight |
| TOTAL | | | 6.53 | | 6.21 | | 7.00 | | 5.57 | | 100.0% |

| | | | | | | | | | | | |
|-----------------------------|--|--|--------|--|--------|--|------|--|------|--|--------|
| QUALITATIVE | | | Anthem | | Humama | | UHC | | WPS | | Weight |
| COMPOSITE QUALITATIVE SCORE | | | 6.00 | | 6.00 | | 6.00 | | 6.00 | | 100.0% |

Note:

Not actual qualitative scores. UHC could get a score 4.0 points lower than others and still have highest composite score.

TOTAL COMPOSITE SCORE

| | | | | | | | | | | | |
|------------------------------|--|--|-------------|--|-------------|--|-------------|--|-------------|--|---------------|
| SUMMARY RESULTS | | | Anthem | | Humama | | UHC | | WPS | | Weight |
| QUALITATIVE | | | 6.00 | | 6.00 | | 6.00 | | 6.00 | | 10.0% |
| QUANTITATIVE | | | 6.53 | | 6.21 | | 7.00 | | 5.57 | | 90.0% |
| TOTAL COMPOSITE SCORE | | | 6.48 | | 6.19 | | 6.90 | | 5.61 | | 100.0% |

Brady, Michael

From: Henry, Sheryl [henry_sh@willis.com]

Sent: Thursday, July 14, 2011 8:40 AM

To: Brady, Michael

Cc: Anderson, Clete

Subject: RE: City of Milwaukee

Attachments: Rates 2012.pdf

Attached is the 2012 rate projection calculation for the Basic Plan.

The first block on page 2 shows that the overall increase with no changes to the benefits is -14.2%. This is due to favorable experience, a 30% decrease in the Rx costs expected under MEDCO and reduced administrative fees.

The second block shows rates under a 4 tier rate structure for the actives with no plan changes. The single rate decreases by 17.6% but the family rate will increase by 9.7%. Rates were calculated under the 4 tier structure so that it is revenue neutral.

The third block shows rates under the PPO plan design which resulted in a decrease of 1.7%.

Sheryl

Sheryl Henry F.S.A., M.A.A.A
National Actuarial Practice
Vice President and Actuary
414-203-5234

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We are now able to offer our clients an encrypted email capability for secure communication purposes. If you wish to take advantage of this service or learn more about it, please let me know or contact your Client Advocate for full details. ~W67897

7/14/2011

Attachment 1

w

**City of Milwaukee
2012 Rate Projection**

Attachment 1

| Recommended 2012 Rates | | | | | | |
|------------------------|--------|------------|---------------|------------|-----------|----------|
| | | Base | Major Medical | Total | Change | Increase |
| Active | Single | \$653.07 | \$187.70 | \$840.77 | -\$139.00 | -14.2% |
| | Family | \$1,471.83 | \$423.01 | \$1,894.84 | -\$313.27 | -14.2% |
| Plan | | | | | | |
| Retired | 1 | \$935.87 | \$265.59 | \$1,201.46 | -\$198.64 | -14.2% |
| Non-Medicare | 3 | \$1,661.47 | \$471.50 | \$2,132.98 | -\$352.64 | -14.2% |
| | 9 | \$1,363.89 | \$387.04 | \$1,750.93 | -\$289.48 | -14.2% |
| Retired Medicare | 4 | \$165.34 | \$154.22 | \$319.56 | -\$52.83 | -14.2% |
| | 5 | \$317.78 | \$287.09 | \$604.87 | -\$100.00 | -14.2% |
| | 6 | \$566.20 | \$819.02 | \$1,385.22 | -\$229.02 | -14.2% |
| | 7 | \$655.85 | \$967.71 | \$1,623.55 | -\$268.42 | -14.2% |
| | 8 | \$408.70 | \$437.88 | \$846.58 | -\$139.96 | -14.2% |
| | 10 | \$340.33 | \$444.46 | \$784.78 | -\$129.75 | -14.2% |

| Recommended 2012 Rates with 4 Tier Active Structure | | | | | | |
|-----------------------------------------------------|--------------------|------------|---------------|------------|-------------|----------|
| | | Base | Major Medical | Total | Change | Increase |
| Active | Single | \$627.14 | \$180.25 | \$807.39 | -\$172.38 | -17.6% |
| | Single w/deps | \$940.71 | \$270.38 | \$1,211.10 | | |
| | Two adults/no deps | \$1,254.29 | \$360.51 | \$1,614.80 | | |
| | Family | \$1,881.43 | \$540.76 | \$2,422.19 | \$214.08 | 9.7% |
| Plan | | | | | | |
| Retired | 1 | \$935.87 | \$265.59 | \$1,201.46 | -\$198.64 | -14.2% |
| Non-Medicare | 3 | \$1,661.47 | \$471.50 | \$2,132.98 | \$2,132.98 | -14.2% |
| | 9 | \$1,363.89 | \$387.04 | \$1,750.93 | \$1,750.93 | -14.2% |
| Retired Medicare | 4 | \$165.34 | \$154.22 | \$319.56 | -\$1,813.42 | -14.2% |
| | 5 | \$317.78 | \$287.09 | \$604.87 | -\$1,146.06 | -14.2% |
| | 6 | \$566.20 | \$819.02 | \$1,385.22 | \$1,385.22 | -14.2% |
| | 7 | \$655.85 | \$967.71 | \$1,623.55 | \$1,623.55 | -14.2% |
| | 8 | \$408.70 | \$437.88 | \$846.58 | \$527.02 | -14.2% |
| | 10 | \$340.33 | \$444.46 | \$784.78 | \$179.91 | -14.2% |

| Recommended 2012 Rates with 4 Tier Active Structure and Plan Change | | | | | | |
|---------------------------------------------------------------------|--------------------|------------|---------------|------------|-----------|----------|
| | | Base | Major Medical | Total | Change | Increase |
| Active | Single | \$627.14 | \$180.25 | \$793.67 | -\$186.11 | -19.0% |
| | Single w/deps | \$940.71 | \$270.38 | \$1,190.51 | | |
| | Two adults/no deps | \$1,254.29 | \$360.51 | \$1,587.35 | | |
| | Family | \$1,881.43 | \$540.76 | \$2,381.01 | \$172.90 | 7.8% |
| Plan | | | | | | |
| Retired | 1 | \$935.87 | \$265.59 | \$1,181.03 | -\$219.06 | -15.6% |
| Non-Medicare | 3 | \$1,661.47 | \$471.50 | \$2,096.72 | -\$388.90 | -15.6% |
| | 9 | \$1,363.89 | \$387.04 | \$1,721.17 | -\$319.25 | -15.6% |
| Retired Medicare | 4 | \$165.34 | \$154.22 | \$314.13 | -\$58.27 | -15.6% |
| | 5 | \$317.78 | \$287.09 | \$594.59 | -\$110.29 | -15.6% |
| | 6 | \$566.20 | \$819.02 | \$1,361.67 | -\$252.56 | -15.6% |
| | 7 | \$655.85 | \$967.71 | \$1,595.95 | -\$296.02 | -15.6% |
| | 8 | \$408.70 | \$437.88 | \$832.18 | -\$154.36 | -15.6% |
| | 10 | \$340.33 | \$444.46 | \$771.44 | -\$143.09 | -15.6% |



City of Milwaukee Fiscal Impact Statement

Date 7/11/2011 File Number 101175 ☒ Original ☐ Substitute

A Subject Authorize the Department of Employee Relations to enter a contract for an administrator for the City's Basic Plan, Preferred Provider Organization network, plan, following a Request for Proposal Process.

B Submitted By (Name/Title/Dept./Ext.) Michael Brady, Employee Benefits Director, Department of Employee Relations, 2317

- C This File
- ☐ Increases or decreases previously authorized expenditures.
 - ☐ Suspends expenditure authority.
 - ☐ Increases or decreases city services.
 - ☒ Authorizes a department to administer a program affecting the city's fiscal liability.
 - ☐ Increases or decreases revenue.
 - ☐ Requests an amendment to the salary or positions ordinance.
 - ☐ Authorizes borrowing and related debt service.
 - ☐ Authorizes contingent borrowing (authority only).
 - ☐ Authorizes the expenditure of funds not authorized in adopted City Budget.

- D Charge To
- ☐ Department Account
 - ☐ Capital Projects Fund
 - ☐ Debt Service
 - ☐ Other (Specify) _____
 - ☐ Contingent Fund
 - ☒ Special Purpose Accounts
 - ☐ Grant & Aid Accounts

| E | Purpose | Specify Type/Use | Expenditure | Revenue |
|---|--------------------|-----------------------|-----------------|---------|
| | Salaries/Wages | | \$0.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | Supplies/Materials | | \$0.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | Equipment | | \$0.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | Services | | \$0.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | Other | 0001 1654 S114 006100 | \$16,800,000 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | TOTALS | | \$16,800,000.00 | \$ 0.00 |

F

Assumptions used in arriving at fiscal estimate. _____

G

For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately.

☐ 1-3 Years ☐ 3-5 Years☐ 1-3 Years ☐ 3-5 Years☐ 1-3 Years ☐ 3-5 Years

H

List any costs not included in Sections D and E above. _____

I

Additional information. This budget amount is revised from the Budget request _____

J

This Note ☐ Was requested by committee chair.



Legislation Details (With Text)

File #: 110176 **Version:** 0

Type: Resolution **Status:** In Committee

File created: 5/24/2011 **In control:** FINANCE & PERSONNEL COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Resolution authorizing the Department of Employee Relations to contract with a vendor for City Health Maintenance Organization/ Exclusive Provider Organization health benefits for 2012-2014.

Sponsors: ALD. MURPHY

Indexes: DEPARTMENT OF EMPLOYEE RELATIONS, HEALTH INSURANCE

Attachments: Cover Letter, Benefit Team Recommendation, Fiscal Impact Statement

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 5/24/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
110176
Version
ORIGINAL
Reference

Sponsor
ALD. MURPHY
Title

Resolution authorizing the Department of Employee Relations to contract with a vendor for City Health Maintenance Organization/ Exclusive Provider Organization health benefits for 2012-2014.
Requestor

Drafter
DER
mb
5/20/11

..Number
110176

..Version
SUBSTITUTE 1

..Reference

..Sponsor
THE CHAIR

..Title
Substitute resolution authorizing the Department of Employee Relations to contract with a vendor for City Health Maintenance Organization/ Exclusive Provider Organization health benefits for 2012-2014.

..Analysis
This resolution authorizes the Department of Employee Relations to contract with UnitedHealthcare to administer a new, self-insured EPO or Exclusive Provider Organization for 2012, 2013 and 2014, and to extend this UnitedHealthcare contract for an additional 2 years with the approval of the Common Council. This self-insured EPO will replace the City's insured HMO or Health Maintenance Organization which was determined by the Benefits Review Team to be more expensive for the City than an EPO.

..Body
Whereas, The contract between the City and UnitedHealthcare to provide an insured Health Maintenance Organization (HMO) health benefits plan will end on December 31, 2011; and

Whereas, The Department of Employee Relations, working with Willis of Wisconsin, has prepared a Request for Proposals (RFP) seeking bids to provide City's HMO and to administer a possible self-insured Exclusive Provider Organization (EPO) plan; and

Whereas, The Benefits Review Team recommends that City should change from an insured HMO type health plan to a self-insured EPO type plan to better control costs in the future; and

Whereas, The Benefits Review Team recommends that the City should contract with UnitedHealthcare to administer the EPO plan and better control City costs; and

Whereas, The City is interested in sustaining good health benefits for all City employees and retirees at the most affordable costs to the City employees and retirees and the City; therefore, now, be it

Resolved, By the Common Council of the City of Milwaukee, that the Department of Employee Relations is authorized to execute a contract, in conjunction with the City Attorney, for a 3-year period, January 1, 2012 through December 31, 2014 with UnitedHealthcare to administer an EPO style health plan; and, be it

Further Resolved, That the Department of Employee Relations is authorized to extend the contract for up to 2 years with Common Council approval.

..Drafter
DER
MB
07/14/11

LRB #131360-2
Aaron Cadle
07-18-11



Department of Employee Relations
July 14, 1011

Tom Barrett
Mayor

Maria Monteagudo
Director

Michael Brady
Employee Benefits Director

Troy M. Hamblin
Labor Negotiator

Alderman Michael Murphy, Chairman
City of Milwaukee Common Council Finance and Personnel Committee
200 East Wells Street, Room 205
Milwaukee, WI 53202

File No: 110176 Health Maintenance Organization (HMO) type health plan or Preferred Provider Network type health plan recommendation on Administrator

Dear Alderman Murphy:

The Department of Employee Relations (DER) recommends that the City enter into a three-year contract with an option to extend with UnitedHealthcare to administer the City's Health Maintenance Organization type plan, or Exclusive Provider Organization (EPO) health plan. The contract would begin on January 1, 2012 and extend through December 31, 2014, with the option of extending for one or two years.

The DER did a request for proposal process and had five vendors bid to be the administrator of the City EPO plan administrator and one vendor bid to be provided an insured HMO plan. The HMO plan has been an insured plan. An EPO plan is basically a self-funded "HMO style" plan. An EPO (or HMO) plan requires members to use network providers or if using non-network providers, pay for the services themselves. The new HMO or EPO benefit designs are described in File #110300.

The contract with UnitedHealthcare and the switch to a self-funded EPO type health plan instead of a HMO type health plan will result in lower costs to the City. UnitedHealthcare was the only vendor that offered a bid on an insured HMO type health plan. UnitedHealthcare offered a bid as administrator of the self-funded EPO type health plan. The other vendors were Anthem, Humana, Wisconsin Public Service and the WEA. There was a five person team that reviewed the proposals under the direction of staff from Willis of Wisconsin, the City's benefit consultant. The team included Troy Hamblin, Labor Relations; Renee Joos, Budget; Jim Michalski, Comptroller's; Matt Hanchek, Milwaukee County Benefits; and Michael Brady, Employee Benefits. The attached thirteen page document from Willis indicates the reason the team recommends UHC.

If you have any questions or comments regarding this file, please contact me at mbrady@milwaukee.gov or 286-2317 if you have any questions.

Sincerely,

Michael Brady

Employee Benefits

CC: Maria Monteagudo, DER; Troy Hamblin, DER; Renee Joos, Budget

City Of Milwaukee

**Benefits Team Recommendation Regarding 2012
Contracts for HMO, Self Insured Basic Medical Plan
Administration, UR, Provider Network and PBM
Services**

July 14, 2011

Willis
2323 N. Mayfair Road
Suite 600
Milwaukee, WI 53226
(414) 475-1100

Table of Contents

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| • Prescription Benefit Manager Selection Process..... | 10 |

Appendices

- Appendix A – 2012 UHC vs. WEA TRUST HMO Rate Comparison
- Appendix B – 2012 UHC Renewal Calculation
- Appendix C – EPO Cost Comparison
- Appendix D – New PPO Basic Plan Cost Comparison
- Appendix E – Combined EPO/PPO Cost Comparison
- Appendix F – EPO/TPA Vendor Scoring

EXECUTIVE SUMMARY

What is the Recommendation of the Benefits Team?

HMO Plan

As a result of a request for proposal (RFP) process and evaluations, the Benefits Team recommends the following for the HMO plan effective 1/1/2012:

Change the funding of the HMO to a self insured EPO and enter into a three-year contract for 2012 through 2014 with UnitedHealthcare (UHC) for administration and provider network services. UHC is the incumbent HMO.

Basic Health Plan

As a result of a request for proposal (RFP) process and evaluations, the Benefits Team recommends the following for the Basic Health plan effective 1/1/2012:

Enter into a three-year contract for 2012 through 2014 with UnitedHealthcare (UHC) for administration and provider network services. Anthem is the incumbent administrator.

Prescription Benefit Management Services

As a result of a request for proposal (RFP) process and evaluations, the Benefits Team recommends the following for the Prescription Benefit Management Services (PBM) effective 1/1/2012:

Enter into a three-year contract for 2012 through 2014 with Medco for PBM and Medicare PDP services. Navitus is the incumbent PBM and PDP.

Who Was on the Benefits Team?

The City staff members on the Benefits Team were:

- **Michael Brady** – Director Employee Benefits, Department of Employee Relations
- **Troy Hamblin** – Labor Negotiator
- **James Michalski, CPA**, – Auditing Manager, Office of the Comptroller
- **Renee Joos** – Special Assistant, Budget Office
- **Matthew Hanchek, Milwaukee County Employee Benefits**

Assisting the City team were the following individuals:

- **Douglas Ley**, Senior Vice President, Willis
- **Clete Anderson**, Vice President, Willis

The City retained the services of Willis to assist in the following:

- Assist in the preparation of the RFP,
- assist the Benefits Team in evaluating the carrier responses and making recommendations,
- conduct financial analyses, and
- draft this final report.

How Did the Benefits Team Reach This Recommendation?

HMO Selection Process

Found below is a brief history of the City's HMO program.

Before 2003 Multiple HMOs offered (managed competition)

2003 Broad and narrow network HMOs only with Compcare (Anthem today) offered lower cost to the City than managed competition model

2007 Broad and narrow network HMOs only with Humana (narrow network much broader)

2008 Broad network only with UHC, only UHC and Humana quote, UHC increase 6% for all groups, Humana increase 19%

2009 UHC and City agree to 10% increase for all groups for not putting out to bid, 10% increase leaves rates still lower than Humana's 2008 rate proposal

2010 20.4% UHC rate renewal for all groups, UHC only carrier to quote

2011 UHC rebalanced the rates resulting in a 12% increase for actives, 52.6% increase for pre-Medicare retirees, 16.9% decrease for Medicare retirees and an overall 17.05% UHC rate renewal, UHC only carrier to quote

2012 UHC offers .5% rate reduction for 2012. Following finalist discussions, UHC revises its 2012 rate action to a 1.7% decrease. Only other carrier to quote an insured plan is WEA TRUST, but the proposal is deemed noncompliant.

The City goal for healthcare is to keep the cost as affordable as possible to the City while providing employees "choice." The City currently offers a broad network HMO through UHC and a Basic Plan administered by Anthem.

Because the number of HMOs available in Southeast Wisconsin is limited and the City has had contracts with them in the past, an abbreviated RFP focusing on the premium rates was e-mailed to the following companies.

- Anthem
- Humana
- UnitedHealthcare (UHC)
- WEA TRUST
- WPS

Respondents were asked to provide quotes for a lower cost, narrow network HMO as well as a higher cost, broad network HMO. None of the vendors had a lower cost narrow network. Respondents were asked to provide quotes assuming they would not be the only HMO offered. Respondents were instructed to assume prescription drugs would be carved out on a self insured basis.

The respondents were also asked to provide quotes for an Exclusive Provider Organization (EPO). The EPO would have benefits identical to the HMO, but the program would be self insured rather than insured as is the case with the HMO. EPO proposals were sought in the event that either the HMO proposal received would be deemed uncompetitively priced that or no vendor would provide an HMO proposal.

Proposals were received from Anthem, Humana, UHC, WEA TRUST and WPS. UHC provided a broad network HMO proposal and an EPO proposal. Anthem, Humana and WPS provided only EPO proposals. WEA TRUST provided an insured HMO proposal for the current HMO plan design but no EPO proposal.

Appendix A compares the UHC and WEA TRUST HMO proposals. The WEA TRUST rates for the current plan for active employees were roughly \$2.1 million higher than UHC's rates for the same plan. Also, WEA TRUST is unable to offer a self insured EPO or PPO plan, so the combination of higher rates and inability to offer self insured plans eliminated WEA TRUST from further consideration.

UHC initially offered to renew the HMO contract with .5% overall decrease. As the only HMO finalist, UHC was asked whether its .5% proposal was its best and final offer. After consideration, UHC's best and final offer was a 1.7% rate decrease for 2012.

The team determined that its analysis must address whether the rates from UHC were reasonable and competitive, or whether one of the EPO proposals would provide a convincing expectation of savings versus the added risk of a self insured plan.

The team determined that the UHC potential savings of changing to a self insured EPO outweighed the added risk of the self insured funding assumed by the City. A summary of the analysis and conclusions follows.

Found in Appendix B is the UHC HMO rate renewal calculation illustrating the assumptions and methodology that went into UHC's overall rate renewal. Two fundamental components of the projection are the annual health care trend which is the expected increase in health care costs, and total retention charge which is the cost UHC charges to administer the HMO program.

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Below is a comparison of the UHC renewal calculation with an EPO assuming 8.0% annual trend rate vs. UHC's 11.5%. The retention/expense charges for a self insured EPO were estimated at 7.4%, which includes expected expenses as well as a two percentage point load for the value of the insurance protection provided by the insured plan that would be lost.

UHC used an annual trend factor of 11.5%. No one knows what trend will be next year, but claims experience for the last year and a half would indicate that lower trend is plausible, so 8% was used for the EPO projection.

The other primary factor is the retention charge, the amount of each premium dollar UHC says it needs for non-claim related expenses, such as administration and premium taxes. UHC used 15.6% as the percent of each premium dollar it needs to cover its expenses.

The UHC calculation using these factors produced a Calculated Increase of 8.07%. UHC reduced it to a .5% overall decrease, the Final Renewal Action, without written explanation. UHC has previously indicated that this type reduction comes from reduced retention rather than reduced trend, suggesting that UHC believes that its trend factor is accurate and is accepting reduced administration fees.

| | HMO | EPO | |
|----------------------------|---------------|---------------|---------------|
| Incurred Claims PMPM | \$386.15 | \$386.15 | |
| Annual Trend | 11.5% | 8.0% | |
| Months | 21 | 21 | |
| Total Trend | 21.006% | 14.417% | |
| Trended Claims | \$467.27 | \$441.82 | |
| Pooling Charge | \$4.52 | \$4.52 | |
| Expected Claims | \$471.79 | \$446.34 | |
| Retention | 15.6% | 7.4% | |
| Calculated Renewal | \$559.01 | \$482.01 | |
| Current Premium PMPM | \$517.28 | \$517.28 | |
| Calculated Renewal Action | 8.07% | -6.82% | |
| Final Renewal Action | -1.70% | -6.82% | |
| | | | Difference |
| Annualized Total Gross Cos | \$132,191,037 | \$125,308,302 | (\$6,882,735) |

Proposed Plan
(all employees in proposed plan)

| | | | |
|----------------------------|---------------|---------------|---------------|
| Annualized Total Gross Cos | \$112,935,209 | \$107,055,059 | (\$5,880,150) |
|----------------------------|---------------|---------------|---------------|

Note:

HMO premiums are guaranteed. EPO cost is a projection only.

Last year UHC's 2011 rate proposal followed this same pattern of a calculated rate versus a final rate, calculating a 24.79% rate increase then cutting the actual offer to 17.05%.

After finalist discussions with UHC, UHC's best and final offer for the 2012 HMO rates was a 1.7% decrease.

The analysis then looked at the projected cost of an EPO program. The EPO cost estimate incorporated two different assumptions from the HMO rate projection, a lower annual trend rate of 8% versus UHC's 11.5% as well as the lower retention charges of a self insured plan, 7.4% versus 15.6%.

The cost projection of an EPO program came to a 6.82% reduction. Based on current enrollment and the current plan design, the 2012 annual gross cost difference is roughly \$6.9 million.

In prior years it was the conclusion of the selection team that UHC's insured HMO rates were reasonable and accepted a reasonable amount of risk. However, for 2012 the conclusion is that there is too great a spread between the insured rates and the projected cost of a self insured EPO plan to continue the insured HMO arrangement.

One should note two important issues regarding this switch to a self insured EPO program. First, the HMO rates are guaranteed while the EPO cost is an estimate. There is no guarantee on the EPO cost. It could cost even less than projected or perhaps even more than the HMO rates. On average over the long run a self insured program will cost less than an insured program, but there is no assurance that the change can be timed to coincide with good claims experience. Second, once the HMO plan is changed to self insured it is unlikely in the future that the City will find a carrier willing to quote and insured program, or at least at a competitive rate. So going back to an insured plan will probably no longer be an option.

The bidders were asked if they would offer a cap on their 2013 HMO rate increase. UHC declined.

Note that the provider network for UHC's HMO program is the same as for its EPO program.

Due to recent changes in Wisconsin law regarding collectively bargained health benefits, the City now has the ability to change health plan benefits without collective bargaining. Effective 1/1/2012, the HMO/EPO benefit design will be changed to require greater out-of-pocket expense, to employees, such as a \$500 single, \$1,000 family deductible not included today. UHC offered to reduce its HMO rates by 15.6% for the benefit plan change. That reduction was reasonable given the proposed plan design change.

Note that a benefit change would impact the relative costs of the vendors' proposals uniformly and was thus not a factor in the selection process but of course will reduce total plan cost.

Additional "tiers" were added to rates to accommodate the expected change in employee contributions. The change in tiers or any change in employee contributions (payroll deductions) would apply uniformly and thus were also not included in the analysis process. The combination of these factors led the Team to conclude that switching to an EPO with UHC would likely cost the City less than the UHC HMO in 2012.

The last piece of the HMO analysis was to assess whether an EPO with Anthem, Humana or WPS would be more cost effective than the UHC EPO.

Found in Appendix C is an analysis of the respective administration fees and network discounts quoted for a self insured EPO program.

Annual EPO administration fees could run anywhere from about \$2.3 million to \$3.8 million depending on the vendor selected, the range of service chosen and the year. However, the biggest differential among the bidders is the magnitude of provider network discounts, not the fees. Based on expected medical 2012 claims of roughly \$100 million, each percentage point of network discount differential is worth \$1 million, increasing each year with trend.

Among the four EPO offers, UHC was projected to have the lowest overall cost if the City would choose to switch to an EPO type model in 2012. Thus, choosing a bidder other than UHC would not reduce the cost of the health care program.

In the year that a self insured EPO is adopted there would be a one-time cash flow "break" since run out claims, claims incurred in the prior year but paid in the subsequent year, will be covered by the HMO policy. This break would result in roughly a one month reduction in claims paid in the 2012. From an accounting perspective there would be no reduction because a reserve equal to any reduction would need to be set up recognizing that the City has accepted and must pay the run out should it ever want to return to an insured plan. Also note that while claims paid in the first year would be reduced, in the second year, assuming 8% trend, would increase roughly 20% by returning to a full twelve months of claims. This one time break is available whenever the plan goes self insured, but is best taken when other circumstances are more favorable.

Basic Health Plan Administration Selection Process

The Basic Health Plan is self insured and administered by Anthem, administers the plan and provides the provider network and the associated provider discounts. Responses to the RFP were received from the following organizations:

- Anthem
- Humana
- UnitedHealthcare (UHC)
- WPS

The current Basic Health Plan is a "base, major medical" plan, a design seldom seen anymore. Perhaps the greatest shortcoming of the benefit design is that it does not include any "steerage", higher benefit payments for network providers than non network providers. This lack a benefit differential led to problems in the past for the City to access many PPO networks because the contracts between the network and the providers require a meaningful benefit differential between in and out of network providers, benefit steerage the Basic Plan does not have. It is our understanding that Anthem was able to offer substantial network discounts despite no benefit steerage that the other networks could not.

Due to recent changes in Wisconsin law regarding collectively bargained benefits, the City now has the ability to change health plan benefits without collective bargaining. Effective 1/1/2012, the Basic Health Plan will be changed to a PPO design with higher benefit coinsurance paid for in network provider claims than out of network provider claims. Introducing benefit steerage allowed other networks to offer higher discounts than before, making them competitive with Anthem.

Just as with the EPO, the relative network discounts, rather than the administration fees, are the biggest determinant of the relative cost of each vendor's proposal. In Appendix D is a summary analysis of estimated cost of the new Basic Health Plan PPO for the respective bidders. Based on our analysis, UHC's proposal is projected to provide the lowest total PPO plan cost due to the highest average network discounts.

Appendix E illustrates the total cost of the respective vendors of consolidating the EPO and PPO plan administration and networks. UHC's total cost, projected as lowest on the EPO and PPO individually, was then lowest on a combined basis.

In addition to lower projected total cost, consolidating the administration of the PPO and EPO plans offers other advantages, including simplified administration, communication, enrollment, data reporting as well as stop loss insurance, should the City decide that this coverage is advisable. Having one health plan administrator, given the health plans will both be self insured, makes sense.

No two provider networks include all of the same providers. While inevitably some City employees will find that their current doctor is not in the UHC network, the UHC provider network is very broad, includes most of the providers in the Anthem network and also includes providers that are not in the Anthem network. In other words, employee access will be excellent and "disruption" of current providers small with the change to the UHC network. Employees who have a provider not in the UHC network would still have benefit coverage under the PPO plan design.

A scoring of the relative projected plan costs is found in Appendix F. The respective proposals were not scored for qualitative response by the team. However, UHC has demonstrated on the HMO plan that it can effectively administer health plans, plus UHC would have to have been scored 4 full points below all the other vendors for the composite score to be equal to the second most favorable proposal, a highly unlikely result.

Given all of these factors it is the recommendation of the selection team that the plan administration, utilization management and provider network of the new PPO Basic Plan should be awarded to UHC effective 1/1/2012. Thus UHC will be the administrator of both the PPO and EPO plans beginning in 2012, effective through 2014.

Prescription Benefit Manager Selection Process

Prescription drug programs are routinely placed with firms other than TPA. For the prescription drug programs, the City of Milwaukee is currently using a stand alone Pharmacy Benefit Management firm called Navitus. The City of Milwaukee sent the pharmacy RFP to the following PBMs. Here is a list of the proposals the team received:

Navitus (Incumbent)
Informed Rx
Envision Rx
Catalyst Rx
Medco
Procure Rx
RxEDO
Restat
Wisconsin Rx/CVS
Humana

Since some of the bidders offered more than one proposal, the total number compared was ten.

“Transparency” is a watchword these days for PBMs. Concern has been growing over poorly disclosed amounts that PBMs are being paid, primarily through some portion of the rebate that prescription drug manufacturers pay for use of certain drugs, or through the PBM “skimming” of some of the discount negotiated with drug manufacturers. As part of our evaluation, the RFP required respondents to address these issues.

The financial analysis of the PBMs is similar to that used for the medical plan network analysis. The PBM might charge an administrative fee, either per script or per employee per month. There are dispensing fees paid to the pharmacist for the retail program. Annual fee amounts were determined for each proposal based on the expected number of prescriptions for the projected years.

The next step was to determine the relative values of their discounts, and the resulting impact on net claim cost to the City. Each bidder was asked to provide their discount as it would relate to the average wholesale price, called AWP. We received discounts for retail brand and retail generic drugs, and for mail order brand and mail order generic drugs.

The last step of the analysis relates to rebates. Based on how rebates are structured, some PBMs will share a portion of rebates. We asked all PBMs to indicate how much of the rebate that they would keep versus sharing with the City. We also asked all PBMs to indicate if rebates that they provided within their proposals were estimates or guarantees.

The relative saving of these programs are projected over a three-year period using the same cost and script trend factors for all proposals.

Below is a summary of the three-year total results.

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| PBM | Total Cost | | | |
|---------------------------|--------------|---------------------------|--------------------------|------|
| | 3 Year Total | 3 Year Total Savings (\$) | 3 Year Total Savings (%) | Rank |
| Navitus - Current Pricing | \$63,548,805 | \$0 | 0.0% | 0 |
| Medco | \$59,188,607 | \$4,360,197 | -6.9% | 1 |
| Restat | \$59,200,968 | \$4,347,837 | -6.8% | 2 |
| Humana | \$59,832,560 | \$3,716,245 | -5.8% | 3 |
| Navitus | \$60,791,948 | \$2,756,857 | -4.3% | 4 |
| ProCare Rx | \$61,605,143 | \$1,943,662 | -3.1% | 5 |
| Wisconsin Rx/CVS | \$61,729,499 | \$1,819,306 | -2.9% | 6 |
| Envision Rx | \$62,071,445 | \$1,477,360 | -2.3% | 7 |
| Informed Rx | \$62,449,176 | \$1,099,629 | -1.7% | 8 |
| Catalyst | \$62,928,847 | \$619,958 | -1.0% | 9 |
| RxEDO | \$63,322,440 | \$226,365 | -0.4% | 10 |

Medco offered the lowest total ingredient, dispensing administration fee and three-year total cost, with Restat being second followed by Humana.

The team recognized that Navitus has done an excellent job for the City on its prescription drug program and thus was picked Navitus as a finalist, though only fourth in the financial analysis, along with Medco. Medco and Navitus as finalists were asked whether their proposals were final or if they would offer further reductions. Both bidders improved their terms to the City in their best and final offers. In this last step the savings differential between Medco and Navitus actually grew from the original proposals by roughly \$460,000/year, and the final figures are shown above. Medco's financial proposal was clearly the best of all bidders.

The City was also interested in leveraging pricing and exploring advantages related to group purchasing. The City of Milwaukee, Milwaukee County, Milwaukee Metropolitan Sewage District and the Milwaukee Public Schools were all invited to participate in the pharmacy RFP. In theory, as the collective groups come together and leverage their size pricing should improve, but that is far from the truth when evaluating PBMs. Through our analysis, we concluded that pricing would not improve materially if all the entities participated within a group purchasing arrangement. Navitus is the only PBM that improved their pricing based on group purchasing, which was insignificant related to the total drug expenditures.

Below is a summary of the total results.

City Of Milwaukee***Benefits Team Recommendations Regarding 2012 Contract for HMO, Self Insured Basic Medical Plan Administration, UR, Provider Network and PBM Services***

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| PBM | Additional Savings due to Group Purchasing |
|------------------|--------------------------------------------|
| Medco | 0% |
| Restat | 0% |
| Humana | 0% |
| Navitus | < 1% |
| ProCare Rx | 0% |
| Wisconsin Rx/CVS | 0% |
| Envision Rx | 0% |
| Informed Rx | 0% |
| Catalyst | 0% |
| RxEDO | 0% |

The City offers an insured Medicare Part D PDP drug plan to its Medicare retirees through Navitus and Dean Health. Navitus would no longer offer an insured PDP beginning in 2012. The team reviewed the proposed self insured PDP discounts and fees from Navitus and Medco and determined that Medco's terms were the most favorable, plus placing all of the prescription drug administration with one vendor offers improved administration, communication reporting.

Based on both the best financial terms and the qualitative analysis, Medco was chosen as the PBM and Medicare PDP for the City's self insured prescription drug plans for three years effective 1/1/2012.

Appendices

- Appendix A – 2012 UHC vs. WEA TRUST HMO Rate Comparison
- Appendix B – 2012 UHC Renewal Calculation
- Appendix C – EPO Cost Comparison
- Appendix C – New PPO Basic Plan Cost Comparison
- Appendix E – Combined EPO/PPO Cost Comparison
- Appendix F – EPO/TPA Vendor Scoring

UnitedHealthcare
Financial Exhibits - Medical

Appendix B

Customer Name: City of Milwaukee
Medical Policy: 712481
Renewal Date: January 1, 2012

Renewal rates effective: 1/1/12 to 12/31/12

| Historical Information | Current Period | Prior Period | Blended |
|---------------------------------------------------|--------------------|-------------------------------|---------------|
| Beginning of Experience Period | 4/1/2010 | 4/1/2009 | |
| End of Experience Period | 3/31/2011 | 3/31/2010 | |
| Medical Incurred Claims | \$86,169,599 | \$82,072,500 | |
| Rx Incurred Claims | \$0 | \$0 | |
| Member Months | 223,150 | 222,854 | |
| Experience Rating PMPM | | | |
| A Incurred Medical Claims PMPM | \$386.15 | \$368.28 | |
| B Pooled Claims Over \$500,000 | \$0.00 | \$1.67 | |
| C Adjusted Medical Claims (A - B) | \$386.15 | \$366.61 | |
| D Incurred Rx Claims PMPM | \$0.00 | \$0.00 | |
| E Total Incurred Claims (C + D) | \$386.15 | \$366.61 | |
| F Trend Factor (Current 21 mos, Prior 33 mos) | 1.21006 | 1.349 | |
| G Plan Change Adjustment | 1.000 | 1.000 | |
| H Trended/Adjusted Claims (E * F * G) | \$467.27 | \$494.69 | |
| I Claim Period Weighting | 100% | 0% | \$467.27 |
| J Adjustment for Membership Shift | | | 1.000 |
| K Pooling charge for \$500,000 | | | \$4.52 |
| L Expected claims (I * J + K) | | | \$471.79 |
| <u>Retention:</u> | | | |
| M Administration | | | 13.8% |
| N Commission | | | 0.0% |
| O Premium tax | | | 1.8% |
| P Other adjustment | | | 0.0% |
| Q Total retention (M + N + O + P) | | | 15.6% |
| R Experience Premium PMPM [L / (1 - Q)] | | | \$559.01 |
| Manual Rating PMPM | | | |
| S Manual Premium PMPM (unadjusted) | | | \$521.65 |
| T Age/Sex Adjustment | | | 1.046 |
| U Other Adjustment | | | 1.000 |
| V Manual Premium PMPM (S * T * U) | | | \$545.64 |
| Renewal Action | | | |
| | Calculated Premium | Credibility Factor | |
| W Experience Rating | \$559.01 | x 100.0% | \$559.01 |
| X Manual Rating | \$545.64 | x 0.0% | \$0.00 |
| Y Initial Calculated Renewal Premium PMPM (W + X) | | | \$559.01 |
| Z Other Adjustment | | | 1.000 |
| AA Final Calculated Renewal Premium PMPM (Y x Z) | | | \$559.01 |
| AB Current Premium PMPM | | | \$517.28 |
| AC Calculated Renewal Action (AA / AB) - 1 | | | 8.07% |
| AD Suggested Renewal Action (current plan) | | | -0.50% |
| AE Prospective Plan Change | | | 1.000 |
| AF Final Renewal Action ((1 + AD) * AE) - 1 | | | -0.50% |
| Current Subscribers | 7,166 | Final Renewal Premium PMPM | \$514.70 |
| Current Members | 18,020 | Final Renewal Monthly Premium | \$9,274,828 |
| | | Final Renewal Annual Premium | \$111,297,933 |

Final renewal monthly/annual premiums are calculated using current enrollment
Rates and benefits are subject to regulatory and home office approval

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EPO Cost Comparison

| | | UHC | | WPS | | Humana HPN | | Anthem | |
|--------------------------------------------------------------|---------------------|---------------|------|---------------|--|--------------------|--|------------------------|----------|
| Claims (All active employee and retirees in new plan) | | | | | | | | | |
| 2012 | | | | | | | | | |
| | Inpatient Hospital | \$29,739,895 | 30% | \$34,800,895 | | \$31,826,906 | | \$30,783,400 | |
| | Outpatient Hospital | \$29,739,895 | 30% | \$42,011,515 | | \$37,065,301 | | \$34,686,110 | |
| | Physician | \$39,653,194 | 40% | \$52,791,777 | | \$43,294,006 | | \$40,919,563 | |
| | Total | \$99,132,985 | 100% | \$129,604,187 | | \$112,186,213 | | \$106,389,073 | |
| 2013 | | | | | | | | | |
| | Inpatient Hospital | \$32,713,885 | | \$38,280,985 | | \$35,009,596 | | \$33,861,741 | |
| | Outpatient Hospital | \$32,713,885 | | \$46,212,667 | | \$40,771,831 | | \$38,154,721 | |
| | Physician | \$43,618,513 | | \$58,070,955 | | \$47,623,407 | | \$45,011,520 | |
| | Total | \$109,046,283 | | \$142,564,606 | | \$123,404,834 | | \$117,027,981 | |
| 2014 | | | | | | | | | |
| | Inpatient Hospital | \$35,985,273 | | \$42,109,083 | | \$38,510,556 | | \$37,247,915 | |
| | Outpatient Hospital | \$35,985,273 | | \$50,833,934 | | \$44,849,014 | | \$41,970,193 | |
| | Physician | \$47,980,365 | | \$63,878,050 | | \$52,385,747 | | \$49,512,672 | |
| | Total | \$119,950,911 | | \$156,821,067 | | \$135,745,317 | | \$128,730,779 | |
| Totals | | | | | | | | | |
| | Inpatient Hospital | \$98,439,054 | | \$115,190,963 | | \$105,347,057 | | \$101,893,056 | |
| | Outpatient Hospital | \$98,439,054 | | \$139,058,116 | | \$122,686,147 | | \$114,811,023 | |
| | Physician | \$131,252,072 | | \$174,740,782 | | \$143,303,160 | | \$135,443,754 | |
| | Total | \$328,130,179 | | \$428,989,861 | | \$371,336,364 | | \$352,147,833 | |
| Administration Fee | | | | | | | | | |
| | | UHC | | WPS | | Humana HPN | | Anthem Non Medicare | Medicare |
| Administration Fee | | | | | | | | | |
| 2012 | | \$35.63 | | \$21.01 | | \$28.02 | | \$41.19 | \$28.14 |
| 2013 | | \$38.48 | | \$21.54 | | \$28.88 | | \$42.84 | \$29.27 |
| 2014 | | \$40.40 | | \$22.07 | | \$29.77 *estimated | | \$44.98 | \$30.73 |
| UM | | | | | | | | | |
| 2012 | | \$0.00 | | \$1.60 | | \$3.65 | | \$0.00 | |
| 2013 | | \$0.00 | | \$1.65 | | \$3.75 | | \$0.00 | |
| 2014 | | \$0.00 | | \$1.68 | | \$3.85 *estimated | | \$0.00 | |
| DM | | | | | | | | | |
| 2012 | | \$0.00 | | \$3.85 | | \$5.50 | | \$0.00 | |
| 2013 | | \$0.00 | | \$3.85 | | \$5.66 | | \$0.00 | |
| 2014 | | \$0.00 | | \$3.85 | | \$5.82 *estimated | | \$0.00 | |
| Annualized | | | | | | | | | |
| 2012 | | \$3,105,368 | | \$2,306,148 | | \$3,239,589 | | \$3,461,230 | |
| 2013 | | \$3,353,763 | | \$2,356,698 | | \$3,337,203 | | \$3,599,909 | |
| 2014 | | \$3,521,102 | | \$2,405,506 | | \$3,437,433 | | \$3,779,715 | |
| Total | | \$9,980,234 | | \$7,068,352 | | \$10,014,224 | | \$10,840,854 | |
| Combined Claims and Administration | | | | | | | | | |
| 2012 | | \$102,238,353 | | \$131,910,335 | | \$115,425,801 | | \$109,850,304 | |
| 2013 | | \$112,400,046 | | \$144,921,304 | | \$126,742,037 | | \$120,627,889 | |
| 2014 | | \$123,472,014 | | \$159,226,572 | | \$139,182,750 | | \$132,510,494 | |
| Total | | \$338,110,412 | | \$436,058,212 | | \$381,350,589 | | \$362,988,687 | |

Cash Flow Savings in 2012 of an EPO

All of the claim figures above are "mature" amounts. If the City were to switch to an EPO it would receive a cash flow "break" in the first year since 2010 run out claims, claims incurred in 2010 but paid in 2012, would be covered by the UHC HMO plan. That break would be worth roughly \$10 million. Note that cash claims for 2013 would grow by the \$10 million plus trend, so large paid claim increase would occur in 2013. On an accrual basis there is no reduction for the change because the \$10 million becomes an liability on the City's balance sheet.

New PPO Basic Plan Cost Comparison

| | | UHC | | WPS | | Humana HPN | | Anthem |
|--------------------------------------------------------------|---------------------|---------------|------|---------------|--|--------------------|--|---------------------------------|
| Claims (All active employee and retirees in new plan) | | | | | | | | |
| 2012 | | | | | | | | |
| | Inpatient Hospital | \$13,416,029 | 30% | \$15,699,108 | | \$14,357,505 | | \$13,886,767 |
| | Outpatient Hospital | \$11,906,524 | 30% | \$16,819,532 | | \$14,839,289 | | \$13,886,767 |
| | Physician | \$17,942,670 | 40% | \$23,887,746 | | \$19,590,101 | | \$18,515,689 |
| | Total | \$43,265,223 | 100% | \$56,406,386 | | \$48,786,895 | | \$46,289,223 |
| 2013 | | | | | | | | |
| | Inpatient Hospital | \$14,757,632 | | \$17,269,019 | | \$15,793,255 | | \$15,275,444 |
| | Outpatient Hospital | \$13,097,176 | | \$18,501,485 | | \$16,323,218 | | \$15,275,444 |
| | Physician | \$19,736,937 | | \$26,276,521 | | \$21,549,111 | | \$20,367,258 |
| | Total | \$47,591,746 | | \$62,047,025 | | \$53,665,584 | | \$50,918,146 |
| 2014 | | | | | | | | |
| | Inpatient Hospital | \$16,233,395 | | \$18,995,920 | | \$17,372,581 | | \$16,802,988 |
| | Outpatient Hospital | \$14,406,894 | | \$20,351,634 | | \$17,955,540 | | \$16,802,988 |
| | Physician | \$21,710,631 | | \$28,904,173 | | \$23,704,022 | | \$22,403,984 |
| | Total | \$52,350,920 | | \$68,251,727 | | \$59,032,143 | | \$56,009,960 |
| Totals | | | | | | | | |
| | Inpatient Hospital | \$44,407,057 | | \$51,964,047 | | \$47,523,341 | | \$45,965,199 |
| | Outpatient Hospital | \$39,410,595 | | \$55,672,651 | | \$49,118,046 | | \$45,965,199 |
| | Physician | \$59,390,238 | | \$79,068,440 | | \$64,843,234 | | \$61,286,932 |
| | Total | \$143,207,889 | | \$186,705,138 | | \$161,484,621 | | \$153,217,330 |
| Administration Fee | | | | | | | | |
| | | UHC | | WPS | | Humana HPN | | Anthem Non Medicare Medicare |
| Administration Fee | | | | | | | | |
| 2012 | | \$35.63 | | \$21.01 | | \$28.02 | | \$41.61 \$28.42 |
| 2013 | | \$38.48 | | \$21.54 | | \$28.88 | | \$43.27 \$29.56 |
| 2014 | | \$40.40 | | \$22.07 | | \$29.77 *estimated | | \$45.43 \$31.03 |
| UM | | | | | | | | |
| 2012 | | \$0.00 | | \$1.60 | | \$3.65 | | \$0.00 |
| 2013 | | \$0.00 | | \$1.65 | | \$3.75 | | \$0.00 |
| 2014 | | \$0.00 | | \$1.68 | | \$3.85 *estimated | | \$0.00 |
| DM | | | | | | | | |
| 2012 | | \$0.00 | | \$3.85 | | \$5.50 | | \$0.00 |
| 2013 | | \$0.00 | | \$3.85 | | \$5.66 | | \$0.00 |
| 2014 | | \$0.00 | | \$3.85 | | \$5.82 *estimated | | \$0.00 |
| Annualized | | | | | | | | |
| 2012 | | \$1,313,464 | | \$975,421 | | \$1,370,235 | | \$1,289,843 |
| 2013 | | \$1,418,527 | | \$996,803 | | \$1,411,523 | | \$1,341,415 |
| 2014 | | \$1,489,306 | | \$1,017,446 | | \$1,453,916 | | \$1,408,274 |
| Total | | \$4,221,297 | | \$2,989,670 | | \$4,235,674 | | \$4,039,533 |
| Combined Claims and Administration | | | | | | | | |
| 2012 | | \$44,578,688 | | \$57,381,807 | | \$50,157,130 | | \$47,579,067 |
| 2013 | | \$49,010,272 | | \$63,043,827 | | \$55,077,107 | | \$52,259,561 |
| 2014 | | \$53,840,226 | | \$69,269,173 | | \$60,486,059 | | \$57,418,234 |
| Total | | \$147,429,186 | | \$189,694,808 | | \$165,720,295 | | \$157,256,862 |

Combined EPO/PPO Cost Comparison

| | | UHC | | WPS | | Humana HPN | | Anthem | |
|---------------------------------------------------------------|---------------------|----------------------|-------------|----------------------|--|----------------------|--|------------------------|----------|
| Claims (All active employee and retirees in new plans) | | | | | | | | | |
| 2012 | | | | | | | | | |
| | Inpatient Hospital | \$43,155,925 | 30% | \$50,500,003 | | \$46,184,410 | | \$44,670,168 | |
| | Outpatient Hospital | \$41,646,419 | 30% | \$54,104,120 | | \$51,904,590 | | \$48,572,877 | |
| | Physician | \$57,595,864 | 40% | \$76,679,523 | | \$62,884,107 | | \$59,435,253 | |
| | Total | \$142,398,208 | 100% | \$181,283,646 | | \$160,973,107 | | \$152,678,297 | |
| 2013 | | | | | | | | | |
| | Inpatient Hospital | \$47,471,517 | | \$55,550,003 | | \$50,802,852 | | \$49,137,184 | |
| | Outpatient Hospital | \$45,811,061 | | \$59,514,532 | | \$57,095,049 | | \$53,430,164 | |
| | Physician | \$63,355,450 | | \$84,347,476 | | \$69,172,517 | | \$65,378,778 | |
| | Total | \$156,638,029 | | \$199,412,011 | | \$177,070,418 | | \$167,946,126 | |
| 2014 | | | | | | | | | |
| | Inpatient Hospital | \$52,218,669 | | \$61,105,004 | | \$55,883,137 | | \$54,050,903 | |
| | Outpatient Hospital | \$50,392,168 | | \$65,465,985 | | \$62,804,554 | | \$58,773,181 | |
| | Physician | \$69,690,995 | | \$92,782,223 | | \$76,089,769 | | \$71,916,656 | |
| | Total | \$172,301,831 | | \$219,353,212 | | \$194,777,460 | | \$184,740,739 | |
| Totals | | | | | | | | | |
| | Inpatient Hospital | \$142,846,110 | | \$167,155,010 | | \$152,870,399 | | \$147,858,254 | |
| | Outpatient Hospital | \$137,849,648 | | \$179,084,637 | | \$171,804,193 | | \$160,776,222 | |
| | Physician | \$190,642,309 | | \$253,809,222 | | \$208,146,394 | | \$196,730,686 | |
| | Total | \$471,338,068 | | \$600,048,869 | | \$532,820,986 | | \$505,365,162 | |
| Administration Fee | | | | | | | | | |
| | | UHC | | WPS | | Humana HPN | | Anthem Non Medicare | Medicare |
| Administration Fee | | | | | | | | | |
| 2012 | | \$35.63 | | \$21.01 | | \$28.02 | | \$41.61 | \$28.42 |
| 2013 | | \$38.48 | | \$21.54 | | \$28.88 | | \$43.27 | \$29.56 |
| 2014 | | \$40.40 | | \$22.07 | | \$29.77 *estimated | | \$45.43 | \$31.03 |
| UM | | | | | | | | | |
| 2012 | | \$0.00 | | \$1.60 | | \$3.65 | | \$0.00 | |
| 2013 | | \$0.00 | | \$1.65 | | \$3.75 | | \$0.00 | |
| 2014 | | \$0.00 | | \$1.68 | | \$3.85 *estimated | | \$0.00 | |
| DM | | | | | | | | | |
| 2012 | | \$0.00 | | \$3.85 | | \$5.50 | | \$0.00 | |
| 2013 | | \$0.00 | | \$3.85 | | \$5.66 | | \$0.00 | |
| 2014 | | \$0.00 | | \$3.85 | | \$5.82 *estimated | | \$0.00 | |
| Annualized | | | | | | | | | |
| 2012 | | \$4,418,833 | | \$3,281,569 | | \$4,609,823 | | \$4,786,298 | |
| 2013 | | \$4,772,290 | | \$3,353,501 | | \$4,748,726 | | \$4,977,420 | |
| 2014 | | \$5,010,408 | | \$3,422,952 | | \$4,891,349 | | \$5,225,729 | |
| Total | | \$14,201,530 | | \$10,058,022 | | \$14,249,898 | | \$14,989,448 | |
| Combined Claims and Administration | | | | | | | | | |
| 2012 | | \$146,817,040 | | \$184,565,215 | | \$165,582,931 | | \$157,464,595 | |
| 2013 | | \$161,410,318 | | \$202,765,511 | | \$181,819,144 | | \$172,923,547 | |
| 2014 | | \$177,312,239 | | \$222,776,164 | | \$199,668,809 | | \$189,966,469 | |
| Total | | \$485,539,598 | | \$610,106,891 | | \$547,070,884 | | \$520,354,610 | |

COMPOSITE SCORES

| | | | | | | | | | | | |
|--------------|--|--|--------|--|--------|--|------|--|------|--|--------|
| QUANTITATIVE | | | Anthem | | Humama | | UHC | | WPS | | Weight |
| TOTAL | | | 6.53 | | 6.21 | | 7.00 | | 5.57 | | 100.0% |

| | | | | | | | | | | | |
|-----------------------------|--|--|--------|--|--------|--|------|--|------|--|--------|
| QUALITATIVE | | | Anthem | | Humama | | UHC | | WPS | | Weight |
| COMPOSITE QUALITATIVE SCORE | | | 6.00 | | 6.00 | | 6.00 | | 6.00 | | 100.0% |

Note:

Not actual qualitative scores. UHC could get a score 4.0 points lower than others and still have highest composite score.

TOTAL COMPOSITE SCORE

| | | | | | | | | | | | |
|-----------------------|--|--|--------|--|--------|--|------|--|------|--|--------|
| SUMMARY RESULTS | | | Anthem | | Humama | | UHC | | WPS | | Weight |
| QUALITATIVE | | | 6.00 | | 6.00 | | 6.00 | | 6.00 | | 10.0% |
| QUANTITATIVE | | | 6.53 | | 6.21 | | 7.00 | | 5.57 | | 90.0% |
| TOTAL COMPOSITE SCORE | | | 6.48 | | 6.19 | | 6.90 | | 5.61 | | 100.0% |

Attachment 1

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**City of Milwaukee
2012 Rate Projection**

Attachment 1

| Recommended 2012 Rates | | | | | | |
|------------------------|--------|------------|---------------|------------|-----------|----------|
| | | Base | Major Medical | Total | Change | Increase |
| Active | Single | \$653.07 | \$187.70 | \$840.77 | -\$139.00 | -14.2% |
| | Family | \$1,471.83 | \$423.01 | \$1,894.84 | -\$313.27 | -14.2% |
| Plan | | | | | | |
| Retired | 1 | \$935.87 | \$265.59 | \$1,201.46 | -\$198.64 | -14.2% |
| Non-Medicare | 3 | \$1,661.47 | \$471.50 | \$2,132.98 | -\$352.64 | -14.2% |
| | 9 | \$1,363.89 | \$387.04 | \$1,750.93 | -\$289.48 | -14.2% |
| Retired Medicare | 4 | \$165.34 | \$154.22 | \$319.56 | -\$52.83 | -14.2% |
| | 5 | \$317.78 | \$287.09 | \$604.87 | -\$100.00 | -14.2% |
| | 6 | \$566.20 | \$819.02 | \$1,385.22 | -\$229.02 | -14.2% |
| | 7 | \$655.85 | \$967.71 | \$1,623.55 | -\$268.42 | -14.2% |
| | 8 | \$408.70 | \$437.88 | \$846.58 | -\$139.96 | -14.2% |
| | 10 | \$340.33 | \$444.46 | \$784.78 | -\$129.75 | -14.2% |

| Recommended 2012 Rates with 4 Tier Structure | | | | | | |
|----------------------------------------------|--------------------|------------|---------------|------------|-----------|----------|
| | | Base | Major Medical | Total | Change | Increase |
| Active | Single | \$627.14 | \$180.25 | \$807.39 | -\$172.38 | -17.6% |
| | Single w/deps | \$940.71 | \$270.38 | \$1,211.10 | | |
| | Two adults/no deps | \$1,254.29 | \$360.51 | \$1,614.80 | | |
| | Family | \$1,881.43 | \$540.76 | \$2,422.19 | \$214.08 | 9.7% |
| Retired Non-Medicare | Single | \$695.52 | \$197.38 | \$892.90 | -\$507.19 | -36.2% |
| | Single w/deps | \$1,043.28 | \$296.07 | \$1,339.36 | -\$701.06 | -34.4% |
| | Two adults/no deps | \$1,391.05 | \$394.76 | \$1,785.81 | | |
| | Family | \$2,086.57 | \$592.14 | \$2,678.71 | \$193.09 | 7.8% |
| Retired Medicare | 4 | \$165.34 | \$154.22 | \$319.56 | -\$52.83 | -14.2% |
| | 5 | \$317.78 | \$287.09 | \$604.87 | -\$100.00 | -14.2% |
| | 6 | \$566.20 | \$819.02 | \$1,385.22 | -\$229.02 | -14.2% |
| | 7 | \$655.85 | \$967.71 | \$1,623.55 | -\$268.42 | -14.2% |
| | 8 | \$408.70 | \$437.88 | \$846.58 | -\$139.96 | -14.2% |
| | 10 | \$340.33 | \$444.46 | \$784.78 | -\$129.75 | -14.2% |

| Recommended 2012 Rates with 4 Tier Active Structure and Plan Change | | | | |
|---------------------------------------------------------------------|--------------------|------------|-----------|----------|
| | | Total | Change | Increase |
| Active | Single | \$793.67 | | |
| | Single w/deps | \$1,190.51 | -\$186.11 | -19.0% |
| | Two adults/no deps | \$1,587.35 | | |
| | Family | \$2,381.01 | \$172.90 | 7.8% |
| Retired Non-Medicare | Single | \$877.72 | -\$522.37 | -37.3% |
| | Single w/deps | \$1,316.59 | -\$723.83 | -35.5% |
| | Two adults/no deps | \$1,755.45 | | |
| | Family | \$2,633.17 | \$147.55 | 5.9% |
| Retired | 4 | \$314.13 | -\$58.27 | -15.6% |
| Medicare | 5 | \$594.59 | -\$110.29 | -15.6% |
| | 6 | \$1,361.67 | -\$252.56 | -15.6% |
| | 7 | \$1,595.95 | -\$296.02 | -15.6% |
| | 8 | \$832.18 | -\$154.36 | -15.6% |
| | 10 | \$771.44 | -\$143.09 | -15.6% |

City of Milwaukee

2012 Retiree Health Plan Rates

PPO

| | | |
|--------------|--------------------|------------|
| Retired | Single | \$877.72 |
| Non-Medicare | Single w/deps | \$1,316.59 |
| | Two adults/no deps | \$1,755.45 |
| | Family | \$2,633.17 |

| | | |
|----------|----|------------|
| Retired | 4 | \$314.13 |
| Medicare | 5 | \$594.59 |
| | 6 | \$1,361.67 |
| | 7 | \$1,595.95 |
| | 8 | \$832.18 |
| | 10 | \$771.44 |

EPO

| Retiree Rates | Enrollment | | |
|------------------------------------------------------------------|------------|------------|------------|
| (1) Single without Medicare | 546 | \$837.72 | \$810.49 |
| (2) Two without Medicare | 89 | \$2,286.89 | \$1,620.98 |
| (3) Family without Medicare | 344 | \$2,286.89 | \$2,431.47 |
| (4) One with Medicare | 204 | \$367.60 | \$367.60 |
| (5) Two with Medicare | 63 | \$735.17 | \$735.17 |
| (6) One with Medicare & One without Medicare | 150 | \$834.83 | \$1,178.09 |
| (7) One with Medicare, One without Medicare & Dependent children | 22 | \$1,177.28 | \$1,583.34 |
| (8) Two with Medicare & Dependent children | 3 | \$1,077.62 | \$1,140.44 |
| (9) One without Medicare & Dependent children | 31 | \$2,341.83 | \$1,215.74 |
| (10) One with Medicare & Dependent children | 3 | \$1,177.28 | \$772.84 |

LRB-Research & Analysis Section

Finance & Personnel Committee
File: 110176

July 20, 2011
Aaron Cadle

Title: Resolution authorizing the Department of Employee Relations to enter into a contract with a vendor for City Health Maintenance Organization/Exclusive Provider Organization for health benefits for 2012-2014.

Introduction

This resolution accepts the recommendation of the Benefits Review Team that the City switch from its insured Health Maintenance Organization ("HMO") plan to a self-funded Exclusive Provider Organization ("EPO") program for 2012, and grants a 3-year contract for 2012-2014 to UnitedHealthcare ("UHC") to administer the self-insured EPO and maintain the healthcare provider network.

The Benefits Review Team members included:

| | |
|-----------------|------------------------------------|
| Mike Brady | Department of Employee Relations |
| Jim Michalski | Office of Comptroller |
| Renee Joos | Budget Office |
| Troy Hamblin | DER - Labor Relations Section |
| Matthew Hanchek | Milwaukee County Employee Benefits |

Analysis of Recommendation

This recommendation does not consider any health benefit plan design changes separately proposed by the DER in Common Council File #110300 – e.g., \$500 deductibles per person with a maximum of \$1,000 per family, 10% co-pays of \$500 per person after satisfying the deductible with a maximum of \$1,000 per family, etc.

The Benefits Review Team followed the same analytical model used in past years to:

1. Determine UHC was the only compliant insured HMO bidder.
2. Conclude the City should switch to a self-insured EPO because it was cheaper for the City than the current insured HMO.

Recommendation to Switch to a Self-insured EPO

Insured HMO bidders were not asked to formally bid on the revised plan design recommended by DER, or on any other plan design alternatives. The team felt this was unnecessary because the rankings of quotes received would remain the same – only the amplitude of the differential would change. Moreover, once UHC was selected as the only compliant bid, the team continued to compare UHC's bid on the 2011 plan design to healthcare consultant Willis' estimate of costs if the City self-insured the 2011 plan design through an EPO. Costs for both UHC's bid and Willis' EPO estimate were expected to ratchet downward by the same percentage if the plan design changes recommended by DER were adopted, so the comparison would still be valid.

When asked, UHC estimated quoted premiums would decline 15.6% if the City revised its plan design per DER's recommendation.

Willis' estimate of EPO costs is based on the same incurred cost history as UHC's insured HMO bid, so as long as Willis used a lower health cost trend rate (8% vs. 11.5% used by UHC), and a lower retention rate for costs and profits (imputed by LRB at 8% for Willis and vs. 9.1% for UHC), the EPO will always be cheaper than the HMO.

Willis' report does not elaborate on why the consultant chose a health cost trend rate 3.5% lower than used by UHC.

Although the numbers provided by Willis and LRB's independent calculations differ somewhat, the projected savings for the City from switching to a self-insured EPO appears to be approximately \$6 million – quite enough to justify the added risk of self-insuring. However, an underestimation of the health cost rate used for EPO cost projections could serve to narrow the gap between UHC's bid and the EPO estimate – potentially to the point that a switchover would no longer be warranted.



City of Milwaukee Fiscal Impact Statement

Date 7/14/2011 File Number 110176 ☒ Original ☐ Substitute

A Subject Authorize the Department of Employee Relations to enter a contract for an administrator for the City's Health Maintenance (HMO) type health insurance, Exclusive Provider Organization network (EPO) plan, following a Request for Proposal Process.

B Submitted By (Name/Title/Dept./Ext.) Michael Brady, Employee Benefits Director, Department of Employee Relations, 2317

- C This File
- ☐ Increases or decreases previously authorized expenditures.
 - ☐ Suspends expenditure authority.
 - ☐ Increases or decreases city services.
 - ☒ Authorizes a department to administer a program affecting the city's fiscal liability.
 - ☐ Increases or decreases revenue.
 - ☐ Requests an amendment to the salary or positions ordinance.
 - ☐ Authorizes borrowing and related debt service.
 - ☐ Authorizes contingent borrowing (authority only).
 - ☐ Authorizes the expenditure of funds not authorized in adopted City Budget.

- D Charge To
- | | |
|------------------------------------------------|--------------------------------------------------------------|
| <input type="checkbox"/> Department Account | <input type="checkbox"/> Contingent Fund |
| <input type="checkbox"/> Capital Projects Fund | <input checked="" type="checkbox"/> Special Purpose Accounts |
| <input type="checkbox"/> Debt Service | <input type="checkbox"/> Grant & Aid Accounts |
| <input type="checkbox"/> Other (Specify) _____ | |

| E | Purpose | Specify Type/Use | Expenditure | Revenue |
|---|--------------------|-----------------------|-----------------|---------|
| | Salaries/Wages | | \$0.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | Supplies/Materials | | \$0.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | Equipment | | \$0.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | Services | | \$0.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | Other | 0001 1654 S140 006100 | \$97,750,000.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | TOTALS | | \$97,750,000.00 | \$ 0.00 |

F**Assumptions used in arriving at fiscal estimate.** _____**G****For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately.**☐ 1-3 Years ☐ 3-5 Years☐ 1-3 Years ☐ 3-5 Years☐ 1-3 Years ☐ 3-5 Years**H****List any costs not included in Sections D and E above.** _____**I****Additional information.** This is a revised from the budget request.**J****This Note** ☐ **Was requested by committee chair.**

LRB-Research & Analysis Section

Finance & Personnel Committee
File: 110176

July 20, 2011
Aaron Cadle

Title: Resolution authorizing the Department of Employee Relations to enter into a contract with a vendor for City Health Maintenance Organization/Exclusive Provider Organization for health benefits for 2012-2014.

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| Renee Joos | Budget Office |
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| Matthew Hanchek | Milwaukee County Employee Benefits |

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2. Conclude the City should switch to a self-insured EPO because it was cheaper for the City than the current insured HMO.

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Willis' estimate of EPO costs is based on the same incurred cost history as UHC's insured HMO bid, so as long as Willis used a lower health cost trend rate (8% vs. 11.5% used by UHC), and a lower retention rate for costs and profits (imputed by LRB at 8% for Willis and vs. 9.1% for UHC), the EPO will always be cheaper than the HMO.

Willis' report does not elaborate on why the consultant chose a health cost trend rate 3.5% lower than used by UHC.

Although the numbers provided by Willis and LRB's independent calculations differ somewhat, the projected savings for the City from switching to a self-insured EPO appears to be approximately \$6 million – quite enough to justify the added risk of self-insuring. However, an underestimation of the health cost rate used for EPO cost projections could serve to narrow the gap between UHC's bid and the EPO estimate – potentially to the point that a switchover would no longer be warranted.



Legislation Details (With Text)

File #: 110177 **Version:** 0
Type: Resolution **Status:** In Committee
File created: 5/24/2011 **In control:** FINANCE & PERSONNEL COMMITTEE
On agenda: **Final action:**
Effective date:

Title: Resolution authorizing the Department of Employee Relations to contract with a vendor for prescription benefit management organization as part of City health benefits for 2012-2014.

Sponsors: ALD. MURPHY

Indexes: DEPARTMENT OF EMPLOYEE RELATIONS, HEALTH INSURANCE, WAGES AND BENEFITS

Attachments: Cover Letter, Benefit Team Recommendation, Fiscal Impact Statement

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 5/24/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
110177
Version
ORIGINAL
Reference

Sponsor
ALD. MURPHY
Title

Resolution authorizing the Department of Employee Relations to contract with a vendor for prescription benefit management organization as part of City health benefits for 2012-2014.

Requestor

Drafter
DER
mb
5/20/11

..Number
110177

..Version
SUBSTITUTE 1

..Reference

..Sponsor
THE CHAIR

..Title
Substitute resolution authorizing the Department of Employee Relations to contract with a vendor for prescription benefit management services as part of City health benefits for 2012-2014.

..Analysis
This resolution authorizes the Department of Employee Relations to contract with a new vendor, Medco, to administer the City's self-insured prescription benefit plan for 2012, 2013 and 2014, and to extend this contract for an additional 2 years with the approval of the Common Council. The incumbent vendor, Navitus, has been the City's prescription benefit plan administrator for several years.

..Body
Whereas, The contract between the City and Navitus Health Solutions to provide prescription benefit management services as part of the City health benefits will end on December 31, 2011; and

Whereas, The Department of Employee Relations, working with Willis of Wisconsin, has prepared a Request for Proposals (RFP) to help determine the best administrator for the prescription benefit management services; and

Whereas, The result of the RFP process indicates that City should contract with Medco among the 10 vendors to better control costs in the future; and

Whereas, The City is interested in sustaining good health benefits for all City employees and retirees at the most affordable costs to City employees and retirees and the City; therefore, now, be it

Resolved, By the Common Council of the City of Milwaukee, that the Department of Employee Relations is authorized to execute a contract, in conjunction with the City Attorney, for a 2-year period, January 1, 2012 through December 31, 2014 with Medco to provide and administer prescription benefit management services; and, be it

Further Resolved, That the Department of Employee Relations is authorized to extend the contract for up to 2 years with Common Council approval.

..Drafter

DER

MB

07/11/11

LRB #131363-2

Aaron Cadle

07-18-11



Department of Employee Relations

Tom Barrett
Mayor

Maria Monteagudo
Director

Michael Brady
Employee Benefits Director

Troy M. Hamblin
Labor Negotiator

July 14, 2011

Alderman Michael Murphy, Chairman
City of Milwaukee Common Council Finance and Personnel Committee
200 East Wells Street, Room 205
Milwaukee, WI 53202

File No: 110177 Prescription Drug Plan (PDP) recommendation on Administrator

Dear Alderman Murphy:

The Department of Employee Relations (DER) recommends that the City enter into a three-year contract with an option to extend with Medco to administer the City's carved out Prescription Drug Plan (PDP). The contract would begin on January 1, 2012 and extend through December 31, 2014, with the option of extending for one or two years.

The DER did a request for proposal process and had ten vendors bid to be the administrator of the City's Prescription Drug plan. The PDP is a self-funded plan. The PDP administers the drug plan for all active and retired City members, including a Medicare D plan with a wrap for Medicare retirees. The current vendor, Navitus, and Medco, were the two finalists, based on their costs. After very careful review, the City team recommends MEDCO based on their lower costs. The new PDP benefit designs, a \$5/\$25/\$50 co-pay for the HMO or EPO style plans, is described in File #110300. Both vendors were able to provide a Medicare D plan with a wrap for Medicare retirees. It is recommended that the City carve out this part of the drug plan and do a separate RFP within the next year.

The other vendors were in addition to Medco and Navitus were Informed Rx, Envision Rx, Catalyst, ProCareRx, RxEDO, Restate, Wisconsin Rx/CVS, and Humana Rx. There was a five person team that reviewed the proposals under the direction of staff from Willis of Wisconsin, the City's benefit consultant. The team included Troy Hamblin, Labor Relations; Renee Joos, Budget; Jim Michalski, Comptroller's; Matt Hanchek, Milwaukee County Benefits; and Michael Brady, Employee Benefits. The attached thirteen page document indicates the reason the team recommends Medco.

This PBM RFP was done in cooperation with the Milwaukee Metropolitan Sewage District, Milwaukee County, and Milwaukee Public Schools. The ten vendors gave very little difference if all four bodies agreed on a single vendor. There was very little difference in cost if the City alone selected a vendor, or the City, with the other three governmental bodies selected a vendor. Both Milwaukee County and Milwaukee Public Schools currently have contracts with Medco following their own RFP processes.

If you have any questions or comments regarding this file, please contact me at mbrady@milwaukee.gov or 286-2317 if you have any questions.

Sincerely,

Michael Brady

Employee Benefits

A handwritten signature in black ink, appearing to read "Michael Brady", written over the printed name.

CC: Maria Monteagudo, DER
Troy Hamblin, DER
Renee Joos, Budget

City Of Milwaukee

**Benefits Team Recommendation Regarding 2012
Contracts for HMO, Self Insured Basic Medical Plan
Administration, UR, Provider Network and PBM
Services**

July 14, 2011

Willis
2323 N. Mayfair Road
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EXECUTIVE SUMMARY

What is the Recommendation of the Benefits Team?

HMO Plan

As a result of a request for proposal (RFP) process and evaluations, the Benefits Team recommends the following for the HMO plan effective 1/1/2012:

Change the funding of the HMO to a self insured EPO and enter into a three-year contract for 2012 through 2014 with UnitedHealthcare (UHC) for administration and provider network services. UHC is the incumbent HMO.

Basic Health Plan

As a result of a request for proposal (RFP) process and evaluations, the Benefits Team recommends the following for the Basic Health plan effective 1/1/2012:

Enter into a three-year contract for 2012 through 2014 with UnitedHealthcare (UHC) for administration and provider network services. Anthem is the incumbent administrator.

Prescription Benefit Management Services

As a result of a request for proposal (RFP) process and evaluations, the Benefits Team recommends the following for the Prescription Benefit Management Services (PBM) effective 1/1/2012:

Enter into a three-year contract for 2012 through 2014 with Medco for PBM and Medicare PDP services. Navitus is the incumbent PBM and PDP.

Who Was on the Benefits Team?

The City staff members on the Benefits Team were:

- **Michael Brady** – Director Employee Benefits, Department of Employee Relations
- **Troy Hamblin** – Labor Negotiator
- **James Michalski, CPA**, – Auditing Manager, Office of the Comptroller
- **Renee Joos** – Special Assistant, Budget Office
- **Matthew Hanchek, Milwaukee County Employee Benefits**

Assisting the City team were the following individuals:

- **Douglas Ley**, Senior Vice President, Willis
- **Clete Anderson**, Vice President, Willis

The City retained the services of Willis to assist in the following:

- Assist in the preparation of the RFP,
- assist the Benefits Team in evaluating the carrier responses and making recommendations,
- conduct financial analyses, and
- draft this final report.

How Did the Benefits Team Reach This Recommendation?

HMO Selection Process

Found below is a brief history of the City's HMO program.

Before 2003 Multiple HMOs offered (managed competition)

2003 Broad and narrow network HMOs only with Compcare (Anthem today) offered lower cost to the City than managed competition model

2007 Broad and narrow network HMOs only with Humana (narrow network much broader)

2008 Broad network only with UHC, only UHC and Humana quote, UHC increase 6% for all groups, Humana increase 19%

2009 UHC and City agree to 10% increase for all groups for not putting out to bid, 10% increase leaves rates still lower than Humana's 2008 rate proposal

2010 20.4% UHC rate renewal for all groups, UHC only carrier to quote

2011 UHC rebalanced the rates resulting in a 12% increase for actives, 52.6% increase for pre-Medicare retirees, 16.9% decrease for Medicare retirees and an overall 17.05% UHC rate renewal, UHC only carrier to quote

2012 UHC offers .5% rate reduction for 2012. Following finalist discussions, UHC revises its 2012 rate action to a 1.7% decrease. Only other carrier to quote an insured plan is WEA TRUST, but the proposal is deemed noncompliant.

The City goal for healthcare is to keep the cost as affordable as possible to the City while providing employees "choice." The City currently offers a broad network HMO through UHC and a Basic Plan administered by Anthem.

Because the number of HMOs available in Southeast Wisconsin is limited and the City has had contracts with them in the past, an abbreviated RFP focusing on the premium rates was e-mailed to the following companies.

- Anthem
- Humana
- UnitedHealthcare (UHC)
- WEA TRUST
- WPS

Respondents were asked to provide quotes for a lower cost, narrow network HMO as well as a higher cost, broad network HMO. None of the vendors had a lower cost narrow network. Respondents were asked to provide quotes assuming they would not be the only HMO offered. Respondents were instructed to assume prescription drugs would be carved out on a self insured basis.

The respondents were also asked to provide quotes for an Exclusive Provider Organization (EPO). The EPO would have benefits identical to the HMO, but the program would be self insured rather than insured as is the case with the HMO. EPO proposals were sought in the event that either the HMO proposal received would be deemed uncompetitively priced that or no vendor would provide an HMO proposal.

Proposals were received from Anthem, Humana, UHC, WEA TRUST and WPS. UHC provided a broad network HMO proposal and an EPO proposal. Anthem, Humana and WPS provided only EPO proposals. WEA TRUST provided an insured HMO proposal for the current HMO plan design but no EPO proposal.

Appendix A compares the UHC and WEA TRUST HMO proposals. The WEA TRUST rates for the current plan for active employees were roughly \$2.1 million higher than UHC's rates for the same plan. Also, WEA TRUST is unable to offer a self insured EPO or PPO plan, so the combination of higher rates and inability to offer self insured plans eliminated WEA TRUST from further consideration.

UHC initially offered to renew the HMO contract with .5% overall decrease. As the only HMO finalist, UHC was asked whether its .5% proposal was its best and final offer. After consideration, UHC's best and final offer was a 1.7% rate decrease for 2012.

The team determined that its analysis must address whether the rates from UHC were reasonable and competitive, or whether one of the EPO proposals would provide a convincing expectation of savings versus the added risk of a self insured plan.

The team determined that the UHC potential savings of changing to a self insured EPO outweighed the added risk of the self insured funding assumed by the City. A summary of the analysis and conclusions follows.

Found in Appendix B is the UHC HMO rate renewal calculation illustrating the assumptions and methodology that went into UHC's overall rate renewal. Two fundamental components of the projection are the annual health care trend which is the expected increase in health care costs, and total retention charge which is the cost UHC charges to administer the HMO program.

City Of Milwaukee**Benefits Team Recommendations Regarding 2012 Contract for HMO, Self Insured Basic Medical Plan Administration, UR, Provider Network and PBM Services**

July 14, 2011

Below is a comparison of the UHC renewal calculation with an EPO assuming 8.0% annual trend rate vs. UHC's 11.5%. The retention/expense charges for a self insured EPO were estimated at 7.4%, which includes expected expenses as well as a two percentage point load for the value of the insurance protection provided by the insured plan that would be lost.

UHC used an annual trend factor of 11.5%. No one knows what trend will be next year, but claims experience for the last year and a half would indicate that lower trend is plausible, so 8% was used for the EPO projection.

The other primary factor is the retention charge, the amount of each premium dollar UHC says it needs for non-claim related expenses, such as administration and premium taxes. UHC used 15.6% as the percent of each premium dollar it needs to cover its expenses.

The UHC calculation using these factors produced a Calculated Increase of 8.07%. UHC reduced it to a .5% overall decrease, the Final Renewal Action, without written explanation. UHC has previously indicated that this type reduction comes from reduced retention rather than reduced trend, suggesting that UHC believes that its trend factor is accurate and is accepting reduced administration fees.

| | HMO | EPO | |
|----------------------------|---------------|---------------|-----------------------------|
| Incurred Claims PMPM | \$386.15 | \$386.15 | |
| Annual Trend | 11.5% | 8.0% | |
| Months | 21 | 21 | |
| Total Trend | 21.006% | 14.417% | |
| Trended Claims | \$467.27 | \$441.82 | |
| Pooling Charge | \$4.52 | \$4.52 | |
| Expected Claims | \$471.79 | \$446.34 | |
| Retention | 15.6% | 7.4% | |
| Calculated Renewal | \$559.01 | \$482.01 | |
| Current Premium PMPM | \$517.28 | \$517.28 | |
| Calculated Renewal Action | 8.07% | -6.82% | |
| Final Renewal Action | -1.70% | -6.82% | |
| Annualized Total Gross Cos | \$132,191,037 | \$125,308,302 | Difference (\$6,882,735) |

Proposed Plan
(all employees in proposed plan)

| | | | |
|----------------------------|---------------|---------------|---------------|
| Annualized Total Gross Cos | \$112,935,209 | \$107,055,059 | (\$5,880,150) |
|----------------------------|---------------|---------------|---------------|

Note:

HMO premiums are guaranteed. EPO cost is a projection only.

Last year UHC's 2011 rate proposal followed this same pattern of a calculated rate versus a final rate, calculating a 24.79% rate increase then cutting the actual offer to 17.05%.

After finalist discussions with UHC, UHC's best and final offer for the 2012 HMO rates was a 1.7% decrease.

The analysis then looked at the projected cost of an EPO program. The EPO cost estimate incorporated two different assumptions from the HMO rate projection, a lower annual trend rate of 8% versus UHC's 11.5% as well as the lower retention charges of a self insured plan, 7.4% versus 15.6%.

The cost projection of an EPO program came to a 6.82% reduction. Based on current enrollment and the current plan design, the 2012 annual gross cost difference is roughly \$6.9 million.

In prior years it was the conclusion of the selection team that UHC's insured HMO rates were reasonable and accepted a reasonable amount of risk. However, for 2012 the conclusion is that there is too great a spread between the insured rates and the projected cost of a self insured EPO plan to continue the insured HMO arrangement.

One should note two important issues regarding this switch to a self insured EPO program. First, the HMO rates are guaranteed while the EPO cost is an estimate. There is no guarantee on the EPO cost. It could cost even less than projected or perhaps even more than the HMO rates. On average over the long run a self insured program will cost less than an insured program, but there is no assurance that the change can be timed to coincide with good claims experience. Second, once the HMO plan is changed to self insured it is unlikely in the future that the City will find a carrier willing to quote and insured program, or at least at a competitive rate. So going back to an insured plan will probably no longer be an option.

The bidders were asked if they would offer a cap on their 2013 HMO rate increase. UHC declined.

Note that the provider network for UHC's HMO program is the same as for its EPO program.

Due to recent changes in Wisconsin law regarding collectively bargained health benefits, the City now has the ability to change health plan benefits without collective bargaining. Effective 1/1/2012, the HMO/EPO benefit design will be changed to require greater out-of-pocket expense, to employees, such as a \$500 single, \$1,000 family deductible not included today. UHC offered to reduce its HMO rates by 15.6% for the benefit plan change. That reduction was reasonable given the proposed plan design change.

Note that a benefit change would impact the relative costs of the vendors' proposals uniformly and was thus not a factor in the selection process but of course will reduce total plan cost.

Additional "tiers" were added to rates to accommodate the expected change in employee contributions. The change in tiers or any change in employee contributions (payroll deductions) would apply uniformly and thus were also not included in the analysis process. The combination of these factors led the Team to conclude that switching to an EPO with UHC would likely cost the City less than the UHC HMO in 2012.

The last piece of the HMO analysis was to assess whether an EPO with Anthem, Humana or WPS would be more cost effective than the UHC EPO.

Found in Appendix C is an analysis of the respective administration fees and network discounts quoted for a self insured EPO program.

Annual EPO administration fees could run anywhere from about \$2.3 million to \$3.8 million depending on the vendor selected, the range of service chosen and the year. However, the biggest differential among the bidders is the magnitude of provider network discounts, not the fees. Based on expected medical 2012 claims of roughly \$100 million, each percentage point of network discount differential is worth \$1 million, increasing each year with trend.

Among the four EPO offers, UHC was projected to have the lowest overall cost if the City would choose to switch to an EPO type model in 2012. Thus, choosing a bidder other than UHC would not reduce the cost of the health care program.

In the year that a self insured EPO is adopted there would be a one-time cash flow "break" since run out claims, claims incurred in the prior year but paid in the subsequent year, will be covered by the HMO policy. This break would result in roughly a one month reduction in claims paid in the 2012. From an accounting perspective there would be no reduction because a reserve equal to any reduction would need to be set up recognizing that the City has accepted and must pay the run out should it ever want to return to an insured plan. Also note that while claims paid in the first year would be reduced, in the second year, assuming 8% trend, would increase roughly 20% by returning to a full twelve months of claims. This one time break is available whenever the plan goes self insured, but is best taken when other circumstances are more favorable.

Basic Health Plan Administration Selection Process

The Basic Health Plan is self insured and administered by Anthem, administers the plan and provides the provider network and the associated provider discounts. Responses to the RFP were received from the following organizations:

- Anthem
- Humana
- UnitedHealthcare (UHC)
- WPS

The current Basic Health Plan is a "base, major medical" plan, a design seldom seen anymore. Perhaps the greatest shortcoming of the benefit design is that it does not include any "steerage", higher benefit payments for network providers than non network providers. This lack a benefit differential led to problems in the past for the City to access many PPO networks because the contracts between the network and the providers require a meaningful benefit differential between in and out of network providers, benefit steerage the Basic Plan does not have. It is our understanding that Anthem was able to offer substantial network discounts despite no benefit steerage that the other networks could not.

Due to recent changes in Wisconsin law regarding collectively bargained benefits, the City now has the ability to change health plan benefits without collective bargaining. Effective 1/1/2012, the Basic Health Plan will be changed to a PPO design with higher benefit coinsurance paid for in network provider claims than out of network provider claims. Introducing benefit steerage allowed other networks to offer higher discounts than before, making them competitive with Anthem.

Just as with the EPO, the relative network discounts, rather than the administration fees, are the biggest determinant of the relative cost of each vendor's proposal. In Appendix D is a summary analysis of estimated cost of the new Basic Health Plan PPO for the respective bidders. Based on our analysis, UHC's proposal is projected to provide the lowest total PPO plan cost due to the highest average network discounts.

Appendix E illustrates the total cost of the respective vendors of consolidating the EPO and PPO plan administration and networks. UHC's total cost, projected as lowest on the EPO and PPO individually, was then lowest on a combined basis.

In addition to lower projected total cost, consolidating the administration of the PPO and EPO plans offers other advantages, including simplified administration, communication, enrollment, data reporting as well as stop loss insurance, should the City decide that this coverage is advisable. Having one health plan administrator, given the health plans will both be self insured, makes sense.

No two provider networks include all of the same providers. While inevitably some City employees will find that their current doctor is not in the UHC network, the UHC provider network is very broad, includes most of the providers in the Anthem network and also includes providers that are not in the Anthem network. In other words, employee access will be excellent and "disruption" of current providers small with the change to the UHC network. Employees who have a provider not in the UHC network would still have benefit coverage under the PPO plan design.

A scoring of the relative projected plan costs is found in Appendix F. The respective proposals were not scored for qualitative response by the team. However, UHC has demonstrated on the HMO plan that it can effectively administer health plans, plus UHC would have to have been scored 4 full points below all the other vendors for the composite score to be equal to the second most favorable proposal, a highly unlikely result.

Given all of these factors it is the recommendation of the selection team that the plan administration, utilization management and provider network of the new PPO Basic Plan should be awarded to UHC effective 1/1/2012. Thus UHC will be the administrator of both the PPO and EPO plans beginning in 2012, effective through 2014.

Prescription Benefit Manager Selection Process

Prescription drug programs are routinely placed with firms other than TPA. For the prescription drug programs, the City of Milwaukee is currently using a stand alone Pharmacy Benefit Management firm called Navitus. The City of Milwaukee sent the pharmacy RFP to the following PBMs. Here is a list of the proposals the team received:

Navitus (Incumbent)
Informed Rx
Envision Rx
Catalyst Rx
Medco
Procure Rx
RxEDO
Restat
Wisconsin Rx/CVS
Humana

Since some of the bidders offered more than one proposal, the total number compared was ten.

“Transparency” is a watchword these days for PBMs. Concern has been growing over poorly disclosed amounts that PBMs are being paid, primarily through some portion of the rebate that prescription drug manufacturers pay for use of certain drugs, or through the PBM “skimming” of some of the discount negotiated with drug manufacturers. As part of our evaluation, the RFP required respondents to address these issues.

The financial analysis of the PBMs is similar to that used for the medical plan network analysis. The PBM might charge an administrative fee, either per script or per employee per month. There are dispensing fees paid to the pharmacist for the retail program. Annual fee amounts were determined for each proposal based on the expected number of prescriptions for the projected years.

The next step was to determine the relative values of their discounts, and the resulting impact on net claim cost to the City. Each bidder was asked to provide their discount as it would relate to the average wholesale price, called AWP. We received discounts for retail brand and retail generic drugs, and for mail order brand and mail order generic drugs.

The last step of the analysis relates to rebates. Based on how rebates are structured, some PBMs will share a portion of rebates. We asked all PBMs to indicate how much of the rebate that they would keep versus sharing with the City. We also asked all PBMs to indicate if rebates that they provided within their proposals were estimates or guarantees.

The relative saving of these programs are projected over a three-year period using the same cost and script trend factors for all proposals.

Below is a summary of the three-year total results.

City Of Milwaukee**Benefits Team Recommendations Regarding 2012 Contract for HMO, Self Insured Basic Medical Plan Administration, UR, Provider Network and PBM Services**

July 14, 2011

| PBM | Total Cost | | | |
|---------------------------|--------------|---------------------------|--------------------------|------|
| | 3 Year Total | 3 Year Total Savings (\$) | 3 Year Total Savings (%) | Rank |
| Navitus - Current Pricing | \$63,548,805 | \$0 | 0.0% | 0 |
| Medco | \$59,188,607 | \$4,360,197 | -6.9% | 1 |
| Restat | \$59,200,968 | \$4,347,837 | -6.8% | 2 |
| Humana | \$59,832,560 | \$3,716,245 | -5.8% | 3 |
| Navitus | \$60,791,948 | \$2,756,857 | -4.3% | 4 |
| ProCare Rx | \$61,605,143 | \$1,943,662 | -3.1% | 5 |
| Wisconsin Rx/CVS | \$61,729,499 | \$1,819,306 | -2.9% | 6 |
| Envision Rx | \$62,071,445 | \$1,477,360 | -2.3% | 7 |
| Informed Rx | \$62,449,176 | \$1,099,629 | -1.7% | 8 |
| Catalyst | \$62,928,847 | \$619,958 | -1.0% | 9 |
| RxEDO | \$63,322,440 | \$226,365 | -0.4% | 10 |

Medco offered the lowest total ingredient, dispensing administration fee and three-year total cost, with Restat being second followed by Humana.

The team recognized that Navitus has done an excellent job for the City on its prescription drug program and thus was picked Navitus as a finalist, though only fourth in the financial analysis, along with Medco. Medco and Navitus as finalists were asked whether their proposals were final or if they would offer further reductions. Both bidders improved their terms to the City in their best and final offers. In this last step the savings differential between Medco and Navitus actually grew from the original proposals by roughly \$460,000/year, and the final figures are shown above. Medco's financial proposal was clearly the best of all bidders.

The City was also interested in leveraging pricing and exploring advantages related to group purchasing. The City of Milwaukee, Milwaukee County, Milwaukee Metropolitan Sewage District and the Milwaukee Public Schools were all invited to participate in the pharmacy RFP. In theory, as the collective groups come together and leverage their size pricing should improve, but that is far from the truth when evaluating PBMs. Through our analysis, we concluded that pricing would not improve materially if all the entities participated within a group purchasing arrangement. Navitus is the only PBM that improved their pricing based on group purchasing, which was insignificant related to the total drug expenditures.

Below is a summary of the total results.

City Of Milwaukee**Benefits Team Recommendations Regarding 2012 Contract for HMO, Self Insured Basic Medical Plan Administration, UR, Provider Network and PBM Services**

July 14, 2011

| PBM | Additional Savings due to Group Purchasing |
|------------------|--------------------------------------------|
| Medco | 0% |
| Restat | 0% |
| Humana | 0% |
| Navitus | < 1% |
| ProCare Rx | 0% |
| Wisconsin Rx/CVS | 0% |
| Envision Rx | 0% |
| Informed Rx | 0% |
| Catalyst | 0% |
| RxEDO | 0% |

The City offers an insured Medicare Part D PDP drug plan to its Medicare retirees through Navitus and Dean Health. Navitus would no longer offer an insured PDP beginning in 2012. The team reviewed the proposed self insured PDP discounts and fees from Navitus and Medco and determined that Medco's terms were the most favorable, plus placing all of the prescription drug administration with one vendor offers improved administration, communication reporting.

Based on both the best financial terms and the qualitative analysis, Medco was chosen as the PBM and Medicare PDP for the City's self insured prescription drug plans for three years effective 1/1/2012.

Appendices

- Appendix A – 2012 UHC vs. WEA TRUST HMO Rate Comparison
- Appendix B – 2012 UHC Renewal Calculation
- Appendix C – EPO Cost Comparison
- Appendix C – New PPO Basic Plan Cost Comparison
- Appendix E – Combined EPO/PPO Cost Comparison
- Appendix F – EPO/TPA Vendor Scoring

UnitedHealthcare
Financial Exhibits - Medical

Appendix B

Customer Name: City of Milwaukee
Medical Policy: 712481
Renewal Date: January 1, 2012

Renewal rates effective: 1/1/12 to 12/31/12

| Historical Information | Current Period | Prior Period | Blended |
|---------------------------------------------------|--------------------|-------------------------------|---------------|
| Beginning of Experience Period | 4/1/2010 | 4/1/2009 | |
| End of Experience Period | 3/31/2011 | 3/31/2010 | |
| Medical Incurred Claims | \$86,169,599 | \$82,072,500 | |
| Rx Incurred Claims | \$0 | \$0 | |
| Member Months | 223,150 | 222,854 | |
| Experience Rating PMPM | | | |
| A Incurred Medical Claims PMPM | \$386.15 | \$368.28 | |
| B Pooled Claims Over \$500,000 | \$0.00 | \$1.67 | |
| C Adjusted Medical Claims (A - B) | \$386.15 | \$366.61 | |
| D Incurred Rx Claims PMPM | \$0.00 | \$0.00 | |
| E Total Incurred Claims (C + D) | \$386.15 | \$366.61 | |
| F Trend Factor (Current 21 mos, Prior 33 mos) | 1.21006 | 1.349 | |
| G Plan Change Adjustment | 1.000 | 1.000 | |
| H Trended/Adjusted Claims (E * F * G) | \$467.27 | \$494.69 | |
| I Claim Period Weighting | 100% | 0% | \$467.27 |
| J Adjustment for Membership Shift | | | 1.000 |
| K Pooling charge for \$500,000 | | | \$4.52 |
| L Expected claims (I * J + K) | | | \$471.79 |
| <u>Retention:</u> | | | |
| M Administration | | | 13.8% |
| N Commission | | | 0.0% |
| O Premium tax | | | 1.8% |
| P Other adjustment | | | 0.0% |
| Q Total retention (M + N + O + P) | | | 15.6% |
| R Experience Premium PMPM [L / (1 - Q)] | | | \$559.01 |
| Manual Rating PMPM | | | |
| S Manual Premium PMPM (unadjusted) | | | \$521.65 |
| T Age/Sex Adjustment | | | 1.046 |
| U Other Adjustment | | | 1.000 |
| V Manual Premium PMPM (S * T * U) | | | \$545.64 |
| Renewal Action | | | |
| | Calculated Premium | Credibility Factor | |
| W Experience Rating | \$559.01 | x 100.0% | \$559.01 |
| X Manual Rating | \$545.64 | x 0.0% | \$0.00 |
| Y Initial Calculated Renewal Premium PMPM (W + X) | | | \$559.01 |
| Z Other Adjustment | | | 1.000 |
| AA Final Calculated Renewal Premium PMPM (Y x Z) | | | \$559.01 |
| AB Current Premium PMPM | | | \$517.28 |
| AC Calculated Renewal Action (AA / AB) - 1 | | | 8.07% |
| AD Suggested Renewal Action (current plan) | | | -0.50% |
| AE Prospective Plan Change | | | 1.000 |
| AF Final Renewal Action ((1 + AD) * AE) - 1 | | | -0.50% |
| Current Subscribers | 7,166 | Final Renewal Premium PMPM | \$514.70 |
| Current Members | 18,020 | Final Renewal Monthly Premium | \$9,274,828 |
| | | Final Renewal Annual Premium | \$111,297,933 |

Final renewal monthly/annual premiums are calculated using current enrollment
Rates and benefits are subject to regulatory and home office approval

5/26/2011 15:34

EPO Cost Comparison

| | | UHC | | WPS | | Humana HPN | | Anthem | |
|--------------------------------------------------------------|---------------------|---------------|------|---------------|--|--------------------|--|------------------------|----------|
| Claims (All active employee and retirees in new plan) | | | | | | | | | |
| 2012 | | | | | | | | | |
| | Inpatient Hospital | \$29,739,895 | 30% | \$34,800,895 | | \$31,826,906 | | \$30,783,400 | |
| | Outpatient Hospital | \$29,739,895 | 30% | \$42,011,515 | | \$37,065,301 | | \$34,686,110 | |
| | Physician | \$39,653,194 | 40% | \$52,791,777 | | \$43,294,006 | | \$40,919,563 | |
| | Total | \$99,132,985 | 100% | \$129,604,187 | | \$112,186,213 | | \$106,389,073 | |
| 2013 | | | | | | | | | |
| | Inpatient Hospital | \$32,713,885 | | \$38,280,985 | | \$35,009,596 | | \$33,861,741 | |
| | Outpatient Hospital | \$32,713,885 | | \$46,212,667 | | \$40,771,831 | | \$38,154,721 | |
| | Physician | \$43,618,513 | | \$58,070,955 | | \$47,623,407 | | \$45,011,520 | |
| | Total | \$109,046,283 | | \$142,564,606 | | \$123,404,834 | | \$117,027,981 | |
| 2014 | | | | | | | | | |
| | Inpatient Hospital | \$35,985,273 | | \$42,109,083 | | \$38,510,556 | | \$37,247,915 | |
| | Outpatient Hospital | \$35,985,273 | | \$50,833,934 | | \$44,849,014 | | \$41,970,193 | |
| | Physician | \$47,980,365 | | \$63,878,050 | | \$52,385,747 | | \$49,512,672 | |
| | Total | \$119,950,911 | | \$156,821,067 | | \$135,745,317 | | \$128,730,779 | |
| Totals | | | | | | | | | |
| | Inpatient Hospital | \$98,439,054 | | \$115,190,963 | | \$105,347,057 | | \$101,893,056 | |
| | Outpatient Hospital | \$98,439,054 | | \$139,058,116 | | \$122,686,147 | | \$114,811,023 | |
| | Physician | \$131,252,072 | | \$174,740,782 | | \$143,303,160 | | \$135,443,754 | |
| | Total | \$328,130,179 | | \$428,989,861 | | \$371,336,364 | | \$352,147,833 | |
| Administration Fee | | | | | | | | | |
| | | UHC | | WPS | | Humana HPN | | Anthem Non Medicare | Medicare |
| Administration Fee | | | | | | | | | |
| 2012 | | \$35.63 | | \$21.01 | | \$28.02 | | \$41.19 | \$28.14 |
| 2013 | | \$38.48 | | \$21.54 | | \$28.88 | | \$42.84 | \$29.27 |
| 2014 | | \$40.40 | | \$22.07 | | \$29.77 *estimated | | \$44.98 | \$30.73 |
| UM | | | | | | | | | |
| 2012 | | \$0.00 | | \$1.60 | | \$3.65 | | \$0.00 | |
| 2013 | | \$0.00 | | \$1.65 | | \$3.75 | | \$0.00 | |
| 2014 | | \$0.00 | | \$1.68 | | \$3.85 *estimated | | \$0.00 | |
| DM | | | | | | | | | |
| 2012 | | \$0.00 | | \$3.85 | | \$5.50 | | \$0.00 | |
| 2013 | | \$0.00 | | \$3.85 | | \$5.66 | | \$0.00 | |
| 2014 | | \$0.00 | | \$3.85 | | \$5.82 *estimated | | \$0.00 | |
| Annualized | | | | | | | | | |
| 2012 | | \$3,105,368 | | \$2,306,148 | | \$3,239,589 | | \$3,461,230 | |
| 2013 | | \$3,353,763 | | \$2,356,698 | | \$3,337,203 | | \$3,599,909 | |
| 2014 | | \$3,521,102 | | \$2,405,506 | | \$3,437,433 | | \$3,779,715 | |
| Total | | \$9,980,234 | | \$7,068,352 | | \$10,014,224 | | \$10,840,854 | |
| Combined Claims and Administration | | | | | | | | | |
| 2012 | | \$102,238,353 | | \$131,910,335 | | \$115,425,801 | | \$109,850,304 | |
| 2013 | | \$112,400,046 | | \$144,921,304 | | \$126,742,037 | | \$120,627,889 | |
| 2014 | | \$123,472,014 | | \$159,226,572 | | \$139,182,750 | | \$132,510,494 | |
| Total | | \$338,110,412 | | \$436,058,212 | | \$381,350,589 | | \$362,988,687 | |

Cash Flow Savings in 2012 of an EPO

All of the claim figures above are "mature" amounts. If the City were to switch to an EPO it would receive a cash flow "break" in the first year since 2010 run out claims, claims incurred in 2010 but paid in 2012, would be covered by the UHC HMO plan. That break would be worth roughly \$10 million. Note that cash claims for 2013 would grow by the \$10 million plus trend, so large paid claim increase would occur in 2013. On an accrual basis there is no reduction for the change because the \$10 million becomes an liability on the City's balance sheet.

New PPO Basic Plan Cost Comparison

| | | UHC | | WPS | | Humana HPN | | Anthem |
|--------------------------------------------------------------|---------------------|---------------|------|---------------|--|--------------------|--|---------------------------------|
| Claims (All active employee and retirees in new plan) | | | | | | | | |
| 2012 | | | | | | | | |
| | Inpatient Hospital | \$13,416,029 | 30% | \$15,699,108 | | \$14,357,505 | | \$13,886,767 |
| | Outpatient Hospital | \$11,906,524 | 30% | \$16,819,532 | | \$14,839,289 | | \$13,886,767 |
| | Physician | \$17,942,670 | 40% | \$23,887,746 | | \$19,590,101 | | \$18,515,689 |
| | Total | \$43,265,223 | 100% | \$56,406,386 | | \$48,786,895 | | \$46,289,223 |
| 2013 | | | | | | | | |
| | Inpatient Hospital | \$14,757,632 | | \$17,269,019 | | \$15,793,255 | | \$15,275,444 |
| | Outpatient Hospital | \$13,097,176 | | \$18,501,485 | | \$16,323,218 | | \$15,275,444 |
| | Physician | \$19,736,937 | | \$26,276,521 | | \$21,549,111 | | \$20,367,258 |
| | Total | \$47,591,746 | | \$62,047,025 | | \$53,665,584 | | \$50,918,146 |
| 2014 | | | | | | | | |
| | Inpatient Hospital | \$16,233,395 | | \$18,995,920 | | \$17,372,581 | | \$16,802,988 |
| | Outpatient Hospital | \$14,406,894 | | \$20,351,634 | | \$17,955,540 | | \$16,802,988 |
| | Physician | \$21,710,631 | | \$28,904,173 | | \$23,704,022 | | \$22,403,984 |
| | Total | \$52,350,920 | | \$68,251,727 | | \$59,032,143 | | \$56,009,960 |
| Totals | | | | | | | | |
| | Inpatient Hospital | \$44,407,057 | | \$51,964,047 | | \$47,523,341 | | \$45,965,199 |
| | Outpatient Hospital | \$39,410,595 | | \$55,672,651 | | \$49,118,046 | | \$45,965,199 |
| | Physician | \$59,390,238 | | \$79,068,440 | | \$64,843,234 | | \$61,286,932 |
| | Total | \$143,207,889 | | \$186,705,138 | | \$161,484,621 | | \$153,217,330 |
| Administration Fee | | | | | | | | |
| | | UHC | | WPS | | Humana HPN | | Anthem Non Medicare Medicare |
| Administration Fee | | | | | | | | |
| 2012 | | \$35.63 | | \$21.01 | | \$28.02 | | \$41.61 \$28.42 |
| 2013 | | \$38.48 | | \$21.54 | | \$28.88 | | \$43.27 \$29.56 |
| 2014 | | \$40.40 | | \$22.07 | | \$29.77 *estimated | | \$45.43 \$31.03 |
| UM | | | | | | | | |
| 2012 | | \$0.00 | | \$1.60 | | \$3.65 | | \$0.00 |
| 2013 | | \$0.00 | | \$1.65 | | \$3.75 | | \$0.00 |
| 2014 | | \$0.00 | | \$1.68 | | \$3.85 *estimated | | \$0.00 |
| DM | | | | | | | | |
| 2012 | | \$0.00 | | \$3.85 | | \$5.50 | | \$0.00 |
| 2013 | | \$0.00 | | \$3.85 | | \$5.66 | | \$0.00 |
| 2014 | | \$0.00 | | \$3.85 | | \$5.82 *estimated | | \$0.00 |
| Annualized | | | | | | | | |
| 2012 | | \$1,313,464 | | \$975,421 | | \$1,370,235 | | \$1,289,843 |
| 2013 | | \$1,418,527 | | \$996,803 | | \$1,411,523 | | \$1,341,415 |
| 2014 | | \$1,489,306 | | \$1,017,446 | | \$1,453,916 | | \$1,408,274 |
| Total | | \$4,221,297 | | \$2,989,670 | | \$4,235,674 | | \$4,039,533 |
| Combined Claims and Administration | | | | | | | | |
| 2012 | | \$44,578,688 | | \$57,381,807 | | \$50,157,130 | | \$47,579,067 |
| 2013 | | \$49,010,272 | | \$63,043,827 | | \$55,077,107 | | \$52,259,561 |
| 2014 | | \$53,840,226 | | \$69,269,173 | | \$60,486,059 | | \$57,418,234 |
| Total | | \$147,429,186 | | \$189,694,808 | | \$165,720,295 | | \$157,256,862 |

Combined EPO/PPO Cost Comparison

| | | UHC | | WPS | | Humana HPN | | Anthem | |
|---------------------------------------------------------------|---------------------|---------------|------|---------------|--|--------------------|--|------------------------|----------|
| Claims (All active employee and retirees in new plans) | | | | | | | | | |
| 2012 | | | | | | | | | |
| | Inpatient Hospital | \$43,155,925 | 30% | \$50,500,003 | | \$46,184,410 | | \$44,670,168 | |
| | Outpatient Hospital | \$41,646,419 | 30% | \$54,104,120 | | \$51,904,590 | | \$48,572,877 | |
| | Physician | \$57,595,864 | 40% | \$76,679,523 | | \$62,884,107 | | \$59,435,253 | |
| | Total | \$142,398,208 | 100% | \$181,283,646 | | \$160,973,107 | | \$152,678,297 | |
| 2013 | | | | | | | | | |
| | Inpatient Hospital | \$47,471,517 | | \$55,550,003 | | \$50,802,852 | | \$49,137,184 | |
| | Outpatient Hospital | \$45,811,061 | | \$59,514,532 | | \$57,095,049 | | \$53,430,164 | |
| | Physician | \$63,355,450 | | \$84,347,476 | | \$69,172,517 | | \$65,378,778 | |
| | Total | \$156,638,029 | | \$199,412,011 | | \$177,070,418 | | \$167,946,126 | |
| 2014 | | | | | | | | | |
| | Inpatient Hospital | \$52,218,669 | | \$61,105,004 | | \$55,883,137 | | \$54,050,903 | |
| | Outpatient Hospital | \$50,392,168 | | \$65,465,985 | | \$62,804,554 | | \$58,773,181 | |
| | Physician | \$69,690,995 | | \$92,782,223 | | \$76,089,769 | | \$71,916,656 | |
| | Total | \$172,301,831 | | \$219,353,212 | | \$194,777,460 | | \$184,740,739 | |
| Totals | | | | | | | | | |
| | Inpatient Hospital | \$142,846,110 | | \$167,155,010 | | \$152,870,399 | | \$147,858,254 | |
| | Outpatient Hospital | \$137,849,648 | | \$179,084,637 | | \$171,804,193 | | \$160,776,222 | |
| | Physician | \$190,642,309 | | \$253,809,222 | | \$208,146,394 | | \$196,730,686 | |
| | Total | \$471,338,068 | | \$600,048,869 | | \$532,820,986 | | \$505,365,162 | |
| Administration Fee | | | | | | | | | |
| | | UHC | | WPS | | Humana HPN | | Anthem Non Medicare | Medicare |
| Administration Fee | | | | | | | | | |
| 2012 | | \$35.63 | | \$21.01 | | \$28.02 | | \$41.61 | \$28.42 |
| 2013 | | \$38.48 | | \$21.54 | | \$28.88 | | \$43.27 | \$29.56 |
| 2014 | | \$40.40 | | \$22.07 | | \$29.77 *estimated | | \$45.43 | \$31.03 |
| UM | | | | | | | | | |
| 2012 | | \$0.00 | | \$1.60 | | \$3.65 | | \$0.00 | |
| 2013 | | \$0.00 | | \$1.65 | | \$3.75 | | \$0.00 | |
| 2014 | | \$0.00 | | \$1.68 | | \$3.85 *estimated | | \$0.00 | |
| DM | | | | | | | | | |
| 2012 | | \$0.00 | | \$3.85 | | \$5.50 | | \$0.00 | |
| 2013 | | \$0.00 | | \$3.85 | | \$5.66 | | \$0.00 | |
| 2014 | | \$0.00 | | \$3.85 | | \$5.82 *estimated | | \$0.00 | |
| Annualized | | | | | | | | | |
| 2012 | | \$4,418,833 | | \$3,281,569 | | \$4,609,823 | | \$4,786,298 | |
| 2013 | | \$4,772,290 | | \$3,353,501 | | \$4,748,726 | | \$4,977,420 | |
| 2014 | | \$5,010,408 | | \$3,422,952 | | \$4,891,349 | | \$5,225,729 | |
| Total | | \$14,201,530 | | \$10,058,022 | | \$14,249,898 | | \$14,989,448 | |
| Combined Claims and Administration | | | | | | | | | |
| 2012 | | \$146,817,040 | | \$184,565,215 | | \$165,582,931 | | \$157,464,595 | |
| 2013 | | \$161,410,318 | | \$202,765,511 | | \$181,819,144 | | \$172,923,547 | |
| 2014 | | \$177,312,239 | | \$222,776,164 | | \$199,668,809 | | \$189,966,469 | |
| Total | | \$485,539,598 | | \$610,106,891 | | \$547,070,884 | | \$520,354,610 | |

COMPOSITE SCORES

| | | | | | | | | | | |
|--------------|--|--|--------|--|--------|--|------|--|------|--------|
| QUANTITATIVE | | | Anthem | | Humama | | UHC | | WPS | Weight |
| TOTAL | | | 6.53 | | 6.21 | | 7.00 | | 5.57 | 100.0% |

| | | | | | | | | | | |
|-----------------------------|--|--|--------|--|--------|--|------|--|------|--------|
| QUALITATIVE | | | Anthem | | Humama | | UHC | | WPS | Weight |
| COMPOSITE QUALITATIVE SCORE | | | 6.00 | | 6.00 | | 6.00 | | 6.00 | 100.0% |

Note:
Not actual qualitative scores. UHC could get a score 4.0 points lower than others and still have highest composite score.

TOTAL COMPOSITE SCORE

| | | | | | | | | | | |
|-----------------------|--|--|--------|--|--------|--|------|--|------|--------|
| SUMMARY RESULTS | | | Anthem | | Humama | | UHC | | WPS | Weight |
| QUALITATIVE | | | 6.00 | | 6.00 | | 6.00 | | 6.00 | 10.0% |
| QUANTITATIVE | | | 6.53 | | 6.21 | | 7.00 | | 5.57 | 90.0% |
| TOTAL COMPOSITE SCORE | | | 6.48 | | 6.19 | | 6.90 | | 5.61 | 100.0% |

Attachment 1

w

**City of Milwaukee
2012 Rate Projection**

Attachment 1

| Recommended 2012 Rates | | | | | | |
|------------------------|--------|------------|---------------|------------|-----------|----------|
| | | Base | Major Medical | Total | Change | Increase |
| Active | Single | \$653.07 | \$187.70 | \$840.77 | -\$139.00 | -14.2% |
| | Family | \$1,471.83 | \$423.01 | \$1,894.84 | -\$313.27 | -14.2% |
| Plan | | | | | | |
| Retired | 1 | \$935.87 | \$265.59 | \$1,201.46 | -\$198.64 | -14.2% |
| Non-Medicare | 3 | \$1,661.47 | \$471.50 | \$2,132.98 | -\$352.64 | -14.2% |
| | 9 | \$1,363.89 | \$387.04 | \$1,750.93 | -\$289.48 | -14.2% |
| Retired Medicare | 4 | \$165.34 | \$154.22 | \$319.56 | -\$52.83 | -14.2% |
| | 5 | \$317.78 | \$287.09 | \$604.87 | -\$100.00 | -14.2% |
| | 6 | \$566.20 | \$819.02 | \$1,385.22 | -\$229.02 | -14.2% |
| | 7 | \$655.85 | \$967.71 | \$1,623.55 | -\$268.42 | -14.2% |
| | 8 | \$408.70 | \$437.88 | \$846.58 | -\$139.96 | -14.2% |
| | 10 | \$340.33 | \$444.46 | \$784.78 | -\$129.75 | -14.2% |

| Recommended 2012 Rates with 4 Tier Structure | | | | | | |
|----------------------------------------------|--------------------|------------|---------------|------------|-----------|----------|
| | | Base | Major Medical | Total | Change | Increase |
| Active | Single | \$627.14 | \$180.25 | \$807.39 | -\$172.38 | -17.6% |
| | Single w/deps | \$940.71 | \$270.38 | \$1,211.10 | | |
| | Two adults/no deps | \$1,254.29 | \$360.51 | \$1,614.80 | | |
| | Family | \$1,881.43 | \$540.76 | \$2,422.19 | \$214.08 | 9.7% |
| Retired Non-Medicare | Single | \$695.52 | \$197.38 | \$892.90 | -\$507.19 | -36.2% |
| | Single w/deps | \$1,043.28 | \$296.07 | \$1,339.36 | -\$701.06 | -34.4% |
| | Two adults/no deps | \$1,391.05 | \$394.76 | \$1,785.81 | | |
| | Family | \$2,086.57 | \$592.14 | \$2,678.71 | \$193.09 | 7.8% |
| Retired Medicare | 4 | \$165.34 | \$154.22 | \$319.56 | -\$52.83 | -14.2% |
| | 5 | \$317.78 | \$287.09 | \$604.87 | -\$100.00 | -14.2% |
| | 6 | \$566.20 | \$819.02 | \$1,385.22 | -\$229.02 | -14.2% |
| | 7 | \$655.85 | \$967.71 | \$1,623.55 | -\$268.42 | -14.2% |
| | 8 | \$408.70 | \$437.88 | \$846.58 | -\$139.96 | -14.2% |
| | 10 | \$340.33 | \$444.46 | \$784.78 | -\$129.75 | -14.2% |

| Recommended 2012 Rates with 4 Tier Active Structure and Plan Change | | | | |
|---------------------------------------------------------------------|--------------------|------------|-----------|----------|
| | | Total | Change | Increase |
| Active | Single | \$793.67 | - | - |
| | Single w/deps | \$1,190.51 | - | - |
| | Two adults/no deps | \$1,587.35 | - | - |
| | Family | \$2,381.01 | \$172.90 | 7.8% |
| Retired Non-Medicare | Single | \$877.72 | -\$522.37 | -37.3% |
| | Single w/deps | \$1,316.59 | -\$723.83 | -35.5% |
| | Two adults/no deps | \$1,755.45 | - | - |
| | Family | \$2,633.17 | \$147.55 | 5.9% |
| Retired Medicare | 4 | \$314.13 | -\$58.27 | -15.6% |
| | 5 | \$594.59 | -\$110.29 | -15.6% |
| | 6 | \$1,361.67 | -\$252.56 | -15.6% |
| | 7 | \$1,595.95 | -\$296.02 | -15.6% |
| | 8 | \$832.18 | -\$154.36 | -15.6% |
| | 10 | \$771.44 | -\$143.09 | -15.6% |

City of Milwaukee

2012 Retiree Health Plan Rates

PPO

| | | |
|--------------|--------------------|------------|
| Retired | Single | \$877.72 |
| Non-Medicare | Single w/deps | \$1,316.59 |
| | Two adults/no deps | \$1,755.45 |
| | Family | \$2,633.17 |

| | | |
|----------|----|------------|
| Retired | 4 | \$314.13 |
| Medicare | 5 | \$594.59 |
| | 6 | \$1,361.67 |
| | 7 | \$1,595.95 |
| | 8 | \$832.18 |
| | 10 | \$771.44 |

EPO

| Retiree Rates | Enrollment | | |
|------------------------------------------------------------------|------------|------------|------------|
| (1) Single without Medicare | 546 | \$837.72 | \$810.49 |
| (2) Two without Medicare | 89 | \$2,286.89 | \$1,620.98 |
| (3) Family without Medicare | 344 | \$2,286.89 | \$2,431.47 |
| (4) One with Medicare | 204 | \$367.60 | \$367.60 |
| (5) Two with Medicare | 63 | \$735.17 | \$735.17 |
| (6) One with Medicare & One without Medicare | 150 | \$834.83 | \$1,178.09 |
| (7) One with Medicare, One without Medicare & Dependent children | 22 | \$1,177.28 | \$1,583.34 |
| (8) Two with Medicare & Dependent children | 3 | \$1,077.62 | \$1,140.44 |
| (9) One without Medicare & Dependent children | 31 | \$2,341.83 | \$1,215.74 |
| (10) One with Medicare & Dependent children | 3 | \$1,177.28 | \$772.84 |



City of Milwaukee Fiscal Impact Statement

Date 7/11/2011 File Number 110177 ☒ Original ☐ Substitute

A Subject Authorize the Department of Employee Relations to enter a contract for an administrator for the City's Prescription Drug Plan (PD), following a Request for Proposal Process.

B Submitted By (Name/Title/Dept./Ext.) Michael Brady, Employee Benefits Director, Department of Employee Relations, 2317

- C This File
- ☐ Increases or decreases previously authorized expenditures.
 - ☐ Suspends expenditure authority.
 - ☐ Increases or decreases city services.
 - ☒ Authorizes a department to administer a program affecting the city's fiscal liability.
 - ☐ Increases or decreases revenue.
 - ☐ Requests an amendment to the salary or positions ordinance.
 - ☐ Authorizes borrowing and related debt service.
 - ☐ Authorizes contingent borrowing (authority only).
 - ☐ Authorizes the expenditure of funds not authorized in adopted City Budget.

- D Charge To
- | | |
|------------------------------------------------|--------------------------------------------------------------|
| <input type="checkbox"/> Department Account | <input type="checkbox"/> Contingent Fund |
| <input type="checkbox"/> Capital Projects Fund | <input checked="" type="checkbox"/> Special Purpose Accounts |
| <input type="checkbox"/> Debt Service | <input type="checkbox"/> Grant & Aid Accounts |
| <input type="checkbox"/> Other (Specify) _____ | |

| E | Purpose | Specify Type/Use | Expenditure | Revenue |
|---|--------------------|----------------------|--------------|---------|
| | Salaries/Wages | | \$0.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | Supplies/Materials | | \$0.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | Equipment | | \$0.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | Services | | \$0.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | Other | 001 1654 S101 006100 | \$250,000.00 | \$0.00 |
| | | | \$0.00 | \$0.00 |
| | TOTALS | | \$250,000.00 | \$ 0.00 |

F

Assumptions used in arriving at fiscal estimate. _____

G

For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately.

☐ 1-3 Years ☐ 3-5 Years☐ 1-3 Years ☐ 3-5 Years☐ 1-3 Years ☐ 3-5 Years

H

List any costs not included in Sections D and E above. _____

I

Additional information.

This is administrative costs only. Drug claims are part of HMO and Basic Plan costs. Thank you.

J

This Note ☐ Was requested by committee chair.



Legislation Details (With Text)

File #: 110178 **Version:** 0
Type: Resolution **Status:** In Committee
File created: 5/24/2011 **In control:** FINANCE & PERSONNEL COMMITTEE
On agenda: **Final action:**
Effective date:

Title: Resolution authorizing the Department of Employee Relations to contract with a vendor for City long term disability benefits for 2012-2014.
Sponsors: ALD. MURPHY
Indexes: DEPARTMENT OF EMPLOYEE RELATIONS, DISABILITY BENEFITS
Attachments: Cover Letter, Letter from Standard Insurance Company, Fiscal Impact Statement

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 5/24/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
110178
Version
ORIGINAL
Reference

Sponsor
ALD. MURPHY
Title

Resolution authorizing the Department of Employee Relations to contract with a vendor for City long term disability benefits for 2012-2014.
Requestor

Drafter
DER
mb
5/20/11

..Number
110178

..Version
SUBSTITUTE 1

..Reference
101503

..Sponsor
THE CHAIR

..Title
Substitute resolution authorizing the Department of Employee Relations to contract with a vendor for City long-term disability benefits for 2012-2014.

..Analysis
This resolution authorizes the Department of Employee Relations to extend for 2 years the current contract with Standard Insurance for long-term disability insurance services without issuing a request for proposals. The Department of Employee Relations believes Standard Insurance's rates are competitive and the City will gain no significant savings by soliciting other bids.

..Body
Whereas, Common Council File Number 101503, adopted May 3, 2011, authorized the Department of Employee Relations (DER) to complete a request for proposal process for long-term disability insurance services based on the current contract between the City and Standard Insurance; and

Whereas, The current long-term disability insurance services contract with Standard Insurance is scheduled to end on December 31, 2011; and

Whereas, Standard Insurance has agreed to extend the current contract at the current rates for a 2-year period, and DER believes Standard Insurance's current rates are reasonable and consistent with its competitors; and

Whereas, The DER believes the City will gain no significant savings on long-term disability insurance services by soliciting competitive bids through a request for proposals process; and

Whereas, The DER recommends that the City contract with Standard Insurance for Long-term Disability insurance services without initiating a request for proposals process at this time; and

Whereas, The City is interested in sustaining good benefits for all City employees and retirees at the most affordable costs to City employees and retirees and the City; therefore, now, be it

Resolved, By the Common Council of the City of Milwaukee, that the Common Council authorizes the Department of Employee Relations to execute a 2-year contract extension, in conjunction with the City Attorney, for a period of January 1, 2012 through December 31, 2013 with Standard Insurance to provide and administer long-term disability insurance benefit services.

..Drafter
DER
MB
07/14/11

LRB #131549-2
Aaron Cadle
07-18-11



Department of Employee Relations

Tom Barrett
Mayor

Maria Monteagudo
Director

Michael Brady
Employee Benefits Director

Troy M. Hamblin
Labor Negotiator

July 14, 2011

Alderman Michael Murphy, Chairman
City of Milwaukee Common Council Finance and Personnel Committee
200 East Wells Street, Room 205
Milwaukee, WI 53202

File No: 110178 Long Term Disability Insurance Contract Extension

Dear Alderman Murphy:

The Department of Employee Relations (DER) recommends an extension of the current contract with Standard Insurance to provide Long Term Disability Insurance to certain City employees. Standard Insurance has agreed to hold the rates at the current level for 2012 and 2013.

A copy of the offer from Standard Insurance and their "incurred Experience Exhibit" are attached. A resolution and fiscal note are also attached. Approval of this will allow the City to extend the current contract with Standard Insurance.

If you have any questions or comments regarding this file, please contact me at mbrady@milwaukee.gov or 286-2317 if you have any questions.

Sincerely,

Michael Brady
Employee Benefits

CC: Maria Monteagudo, DER
Troy Hamblin, DER
Renee Joos, Budget



TheStandard®

June 24, 2011

City of Milwaukee
Attn: Michael Brady
Manager Employee Benefits
789 N. Water St. Ste. 300
Milwaukee WI 53202

Group Number 626556

Thank you for allowing Standard Insurance Company to provide quality products to support your employees' insurance needs. We are pleased to renew your policy with continued coverage and services.

We have carefully reviewed the current composition of your organization, evaluating age, occupation, gender and salary of your insured employees. Based upon this review and application of rate factors appropriate for your industry classification, we are renewing your policy at existing premium rates as indicated in the chart below. These rates are guaranteed until January 1, 2014.

| <i>Insurance Coverage</i> | <i>Through 12/31/11</i> | <i>Effective 01/01/12</i> |
|----------------------------------|--------------------------------|----------------------------------|
| Long Term Disability: | | |
| 60 Day Divisions 2, 6 & 13: | 1.09% of Insured Earnings | 1.09% of Insured Earnings |
| 90 Day Divisions 3, 7 & 14: | 0.19% of Insured Earnings | 0.19% of Insured Earnings |
| 120 Day Divisions 4, 8 & 15: | 0.09% of Insured Earnings | 0.09% of Insured Earnings |
| 180 Day Divisions 1,5 & 12: | 0.45% of Insured Earnings | 0.45% of Insured Earnings |

*Divisions 1-8 are billed on a 13thly basis and on a 26thly basis for divisions 12-15.

If you have any questions about your rates or our review process, the Chicago Employee Benefits Sales and Service Office at (847) 517-9454 is available to serve your needs. We value your business and welcome the opportunity to provide continued assistance to you.

Sincerely yours,

Mary L. Trask

Mary L. Trask
National Accounts Underwriter
Standard Insurance Company

cc: Willis of Wisconsin, Inc.
Chicago Employee Benefits Sales and Service Office



**LONG TERM DISABILITY
INCURRED EXPERIENCE EXHIBIT
City of Milwaukee WI - Policy No. 626556
Most recent five periods**

| | <u>INCURRED POLICY YEAR 1/2007-12/31/2007</u> | <u>INCURRED POLICY YEAR 1/2008-12/31/2008</u> | <u>INCURRED POLICY YEAR 1/2009-12/31/2009</u> | <u>INCURRED POLICY YEAR 1/2010-12/31/2010</u> | <u>INCURRED POLICY YEAR 1/2011-5/31/2011 (5 Months)</u> | <u>TOTAL</u> |
|---------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|---------------------------------------------------------------------|--------------|
| EARNED PREMIUM | 861,813 | 1,210,005 | 1,241,634 | 1,235,223 | 588,749 | 5,137,424 |
| INFORCE RATE | 0.750 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| PREMIUM ADJUSTED TO 1.000 (current rate) | 1,149,084 | 1,210,005 | 1,241,634 | 1,235,223 | 588,749 | 5,424,695 |
| PAID CLAIMS | 671,289 | 503,379 | 388,266 | 276,174 | 12,879 | 1,851,987 |
| ACTIVE CLAIM RESERVES | 218,443 | 392,187 | 438,882 | 519,917 | 374,409 | 1,943,839 |
| IBNR RESERVE | 0 | 0 | 0 | 278,026 | 359,649 | 637,675 |
| TOTAL INCURRED CLAIMS | 889,732 | 895,566 | 827,149 | 1,074,118 | 746,937 | 4,433,501 |
| LOSS RATIO | 77% | 74% | 67% | 87% | 127% | 82% |
| EXPERIENCE RATE | 1.083 | 1.035 | 0.932 | 1.216 | 1.774 | 1.143 |
| LIFE YEARS | 3,699 | 3,654 | 3,493 | 3,498 | 1,448 | 15,792 |
| OPEN CLAIMS | 13 | 12 | 14 | 15 | 6 | 60 |
| TOTAL CLAIMS | 46 | 37 | 35 | 33 | 9 | 160 |



City of Milwaukee Fiscal Impact Statement

A

Date 7/14/2011 File Number 110178 ☒ Original ☐ Substitute
 Subject Authorize DER to extend Long Term Disability contract with Standard Insurance

B

Submitted By (Name/Title/Dept./Ext.) Michael Brady, Employee Benefits Director, DER, 2317

C

- This File
- ☐ Increases or decreases previously authorized expenditures.
 - ☐ Suspends expenditure authority.
 - ☐ Increases or decreases city services.
 - ☒ Authorizes a department to administer a program affecting the city's fiscal liability.
 - ☐ Increases or decreases revenue.
 - ☐ Requests an amendment to the salary or positions ordinance.
 - ☐ Authorizes borrowing and related debt service.
 - ☐ Authorizes contingent borrowing (authority only).
 - ☐ Authorizes the expenditure of funds not authorized in adopted City Budget.

D

- Charge To
- ☐ Department Account
 - ☐ Capital Projects Fund
 - ☐ Debt Service
 - ☐ Other (Specify) _____
 - ☐ Contingent Fund
 - ☐ Special Purpose Accounts
 - ☐ Grant & Aid Accounts

E

| Purpose | Specify Type/Use | Expenditure | Revenue |
|--------------------|-----------------------|--------------|---------|
| Salaries/Wages | | \$0.00 | \$0.00 |
| | | \$0.00 | \$0.00 |
| Supplies/Materials | | \$0.00 | \$0.00 |
| | | \$0.00 | \$0.00 |
| Equipment | | \$0.00 | \$0.00 |
| | | \$0.00 | \$0.00 |
| Services | | \$0.00 | \$0.00 |
| | | \$0.00 | \$0.00 |
| Other | 0001 1654 S145 006100 | \$800,000.00 | \$0.00 |
| | | \$0.00 | \$0.00 |
| TOTALS | | \$800,000.00 | \$ 0.00 |

F

Assumptions used in arriving at fiscal estimate. _____

G

For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately.

☐ 1-3 Years ☐ 3-5 Years☐ 1-3 Years ☐ 3-5 Years☐ 1-3 Years ☐ 3-5 Years**H**

List any costs not included in Sections D and E above. _____

I

Additional information. _____

JThis Note ☐ Was requested by committee chair.



Legislation Details (With Text)

File #: 110300 **Version:** 0

Type: Resolution **Status:** In Committee

File created: 7/6/2011 **In control:** FINANCE & PERSONNEL COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Resolution authorizing the Department of Employee Relations to administer health insurance benefits for City employees.

Sponsors: THE CHAIR

Indexes: DEPARTMENT OF EMPLOYEE RELATIONS, HEALTH INSURANCE

Attachments: Cover Letter, Memo to Employees and Retirees, Fiscal Impact Statement

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 7/6/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
110300
Version
ORIGINAL
Reference

Sponsor
THE CHAIR
Title
Resolution authorizing the Department of Employee Relations to administer health insurance benefits for City employees.
Requestor

Drafter
DER
mb
6/28/11

..Number
110300

..Version
SUBSTITUTE 1

..Reference

..Sponsor
THE CHAIR

..Title
Substitute resolution authorizing the Department of Employee Relations to change the plan design of the City's health insurance benefits program, and to set health insurance premium contribution rates for City employees and retirees.

..Analysis
This resolution authorizes the Department of Employee Relations (DER) to change the City's health insurance benefits plan design for employees and retirees. These changes may include a specific deductible, co-insurance and out-of-pocket maximum for both the self-insured EPO, or Exclusive Provider Organization, plan and for the Basic Plan/Preferred Provider Organization plan as described by the DER in attachments to this file.

While the changes described by DER in the attachments to this file are expected to be the final plan design changes, this resolution further authorizes the DER to make minor modifications to the proposed changes, and to make additional changes not described in the attachments, without seeking additional Common Council approval, provided these modifications are essentially technical in nature, or are in the spirit and within the overall scope of the plan design changes already described by the DER.

This resolution also requires all active general City employees, including civilian employees of the Police and Fire departments, to pay 12% of their total 2012 health premium cost, and stipulates general City employees, including civilian employees of the Police and Fire departments, retiring after December 31, 2011, will make the same health insurance premium contribution as active general City employees.

..Body
Whereas, The City may change the health insurance benefit plan design for active and retired City employees without labor negotiations after January 1, 2012; and

Whereas, The City is interested in sustaining good health benefits for all City employees and retirees at the most affordable costs to the City employees, retirees and the City; and

Whereas, The Department of Employee Relations (DER) recommends a new health insurance benefit plan design for all City employees and retirees beginning January 1, 2012 with a specific deductible, co-insurance and out-of-pocket maximum for both the self-insured EPO, or Exclusive Provider Organization, plan and for the Basic Plan/Preferred Provider Organization plan as described by the DER in attachments to this file; and

Whereas, The DER recommends all active general City employees, including civilian employees of the Police and Fire departments pay 12% of their total 2012 health insurance premium cost, the same as other non-safety public employees across the state of Wisconsin; and

Whereas, The DER recommends all active general City employees, including civilian employees of the Police and Fire departments who retire on or after January 1, 2012 pay a health insurance plan premium the same as active general City employees; and

Whereas, The DER recommends these changes to provide health benefits for City employees and retirees that are sustainable in the future; and

Whereas, The DER and the health plan vendors are committed to providing information about these changes to City employees and retirees during the open enrollment in 2011; therefore, now, be it

Resolved, By the Common Council of the City of Milwaukee, that the Department of Employee Relations is authorized to change the plan design of the City's health insurance benefits program as described by the Department of Employee Relations in attachments to this file, and to set health insurance premium contribution rates for City employees and retirees effective January 1, 2012; and, be it

Further Resolved, The Department of Employee Relations is authorized to make additional health insurance benefit plan design changes not described by the Department of Employee Relations in the attachments to this file, or modifications to the plan design changes already described by DER, without seeking additional Common Council approval, provided these additional changes and modifications are essentially technical in nature, or are in the spirit and within the overall scope of the plan design changes described by the Department of Employee Relations in the attachments to this file.

..Drafter
DER

MB
07/11/11

LRB #131358-2
Aaron Cadle
07-18-11



Department of Employee Relations

Tom Barrett
Mayor

Maria Monteagudo
Director

Michael Brady
Employee Benefits Director

Troy M. Hamblin
Labor Negotiator

July 14, 1011

Alderman Michael Murphy, Chairman
City of Milwaukee Common Council Finance and Personnel Committee
200 East Wells Street, Room 205
Milwaukee, WI 53202

**File No: 110300 Authorizing the Department of Employee Relations to administer
Health Insurance Benefits for City Employees and Retirees**

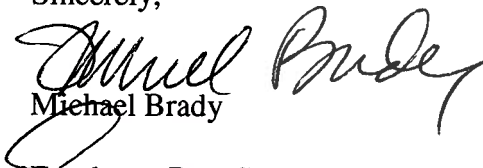
Dear Alderman Murphy:

The Department of Employee Relations (DER) recommends that the City make specific benefit design changes to the current health plans, make specific premium contributions for all non safety City employees and make changes to the three tier drug plan in order to create sustainable health plans for the future.

Details of the changes are spelled out on the attached memo and benefit comparison.

If you have any questions or comments regarding this file, please contact me at mbrady@milwaukee.gov or 286-2317 if you have any questions.

Sincerely,



Michael Brady

Employee Benefits

CC: Maria Monteagudo, DER
Troy Hamblin, DER
Renee Joos, Budget

July 13, 2011

To: City of Milwaukee Employees and Retirees

From: Michael Brady

Re: Recommendation for Sustainable Health Care Benefits for City Employees and Retirees

There has been much discussion about the current health care benefits of the City of Milwaukee being sustainable over the long term for both employees and retirees. The net City costs have increased \$14M in 2010 and \$15M in 2011. Below is a plan to create a more sustainable benefit design that includes changes and premium contributions from active general city employees. These recommendations are made after careful consideration and discussion with the Budget Office regarding the ongoing financial challenges facing the City related to Act 10 and the State budget. The City health care plan benefits remain very comprehensive with employee cost-sharing below most private sector firms and in line with what public employees will pay. The City will continue to provide a robust pre-65 health benefit for retired City employees.

The recommendations would be effective January 1, 2012 for City employees. (*)

The City will receive a reduction of over \$14M in state revenue, and generally speaking will be unable raise revenue through taxes. Major challenges in 2013 include meeting an expected \$50M contribution to the Employee Retiree System. The recommendations below are likely to reduce the total City net expenditures on health insurance from the estimated \$137M in 2011 to approximately \$110 to \$115M in 2012. The changes recommended are not made lightly. The control of future health care expenditures will mitigate the need for future benefit design changes.

The Department of Employee Relations will hold a televised meeting with employees on Wednesday July 13 at noon in Room 301-B and will make a copy of the presentation available on the City DER website so all employees can view the presentation. The same recommendations will be submitted for approval to the Finance and Personnel Committee on Wednesday July 20.

Recommendation #1, Employee Premium: All public employees in the state of Wisconsin will begin paying 12% of the total premium for their health care. This 12% is less than many private sector employees pay. Beginning January 1, 2012 active general City employees, including all civilian personnel within the Police and Fire departments, would pay 12% of their 2012 premium. When new labor contracts are negotiated with sworn employee unions it is anticipated they will also pay 12%. Sworn unions will continue to pay current premiums until new labor contracts are settled. The Building and Construction Trades Council (BCTC) and Local 494 Electrical Workers have contracts that extend into 2012, and will not pay the 12% until their contracts expire.

The employee premium would be charged based on a four-tier plan -- single, single adult with dependent/s, two adults and two adults with dependent/s. The City currently uses a two-tier system of single only and family. Employee premiums would be taken twice a month or 24 times per year in 2012. The City currently takes a single monthly deduction, or 12 per year.

Recommendation #2, Benefit Design: All City employees and retirees, both general city and sworn, will have new benefit design for both their HMO/EPO plan and their Basic Plan/PPO plan. The new benefit designs are described on the attached page.

HMO/EPO Plan: All preventive services as determined by the plan are covered at 100%. Changes to the plan include a \$500 deductible, a 90% co-insurance, and a \$1000 out of pocket maximum. The three-tier drug plan will change to \$5/\$25/\$50. The three tier plan is not part of the deductible, co-insurance or out of pocket maximum. Employees would have a \$150 co-pay for emergency room visits after they have satisfied their deductible, co-insurance and out-of-pocket maximum. This EPO plan will cover services in-network and will not cover services out of network.

Basic Plan/PPO Plan: All preventive services as determined by the plan are covered at 100%. Changes to the plan include a \$750 in-network deductible, a 90% co-insurance in-network, and a \$1500 in-network out of pocket maximum. The out-of-network deductible would be \$1500, the out-of-network co-insurance is 70% and the out-of-network out of pocket maximum is \$3000 This PPO plan will have a three tier drug plan, \$5/\$25/\$50, the same as the EPO plan. The drug co-pay is not part of the deductible, the co-insurance or the out of pocket maximum. This PPO plan will cover services in network and services out of network.

The City anticipates that these changes will help employees become better consumers of their health insurance. They will have the ability to work with their provider to identify the best services at the lowest cost. UnitedHealthcare will be able to work with employees to help them identify the best services at the lowest cost.

The City will continue to provide a three part comprehensive wellness effort through Froedtert Health Workforce Health at no direct cost to employees. Employees and their spouses who fail to complete the process within the timeline set by Workforce Health will have a monthly health assessment fee in 2012.

In a separate resolution DER is recommending that the City enter into a three-year contract with UnitedHealthcare to provide "Exclusive Provider Network" services (EPO) or HMO equivalent plan, that the City enter into a three year contract with UnitedHealthcare to provide Preferred Provider Organization services (PPO) or Basic Plan equivalent services, and that the City enter into a three year contract with Medco for prescription benefit services.

Recommendation #3, New Retiree Premiums: All general city employees, including civilian employees in the Police and Fire Department, would pay the same premium as active general city employees if they retire after January 1, 2012.

- Employees under 65 who go through regular retirement before their current labor contract expires will have a premium established by that labor contract.
- General City employees under 65 who go through regular retirement after their labor contract expires will pay the same as active general city employees (12% of their premium).
- New sworn retirees under 65 will have their retiree premiums established through current or future labor contracts.
- Medicare retirees will have the choice of the Basic Plan/City PPO plan as a type of Medicare supplement with the same benefit design as active employees with the in-network and out of network deductibles, co-insurance and out of pocket amounts.
- Medicare retirees will be able to chose the UHC Choice plan with the same benefit design as active employees, including the deductible, co-insurance and out of pocket maximum.

- Medicare retirees will have the opportunity to choose the UHC PPO plan with the current benefits (will not include deductible, co-insurance or out of pocket maximum).
- Medicare retirees will be able to select from the two plans provided through the Milwaukee Retiree Association (MRA) which are not sponsored or subsidized by the City.

Example of how a deductible, co-insurance and maximum out of pocket **EPO plan** works for a single adult with no dependents.

- Employee pays the first \$500 for services, excluding preventive which are covered at 100%
- Employee pays 10% co-insurance for the next \$5000 in costs of service, or \$500, while the City pays \$4,500.
- After paying \$1000, employee has reached out of pocket maximum, and the City, with the exception of emergency room visits, will pay 100% of any additional costs.
- Any out of network services are paid 100% by the employee and do not count toward the deductible, co-insurance or out of pocket maximum.
- Drugs costs will be \$5/\$25/\$50 throughout the year and are not part of the deductible, co-insurance or out of pocket maximum.

Example of how a deductible, co-insurance and maximum out of pocket **PPO in-network plan** works for a single adult with no dependents.

- Employee pays the first \$750 for services in-network, excluding preventive which are covered at 100%.
- Employee will have a 10% co-insurance for the next \$7500 in services, or \$750, while the City pays \$6750.
- After paying \$1500, employee has reached their in-network out of pocket maximum, and with the exception of emergency room visits and the exception of separate out of network services, the City will pay 100% of additional in-network services.
- Drug costs will be \$5/\$25/\$50 co-pays throughout the year and are not part of the deductible, co-insurance or out of pocket maximum.

Example of how the deductible, co-insurance and maximum out of pocket **PPO out-of-network plan** works for a single adult with no dependents.

- If employee uses out-of-network provider for services, employee will have a separate \$1500 deductible associated with out of pocket providers, excluding preventive which are covered at 100%.
- Employee will have a 30% co-insurance for next \$5,000 in out-of-network services, or \$1500, while the City pays \$3,500.
- After paying \$3000 for out-of-network services, employee has reached their out-of-network out of pocket maximum and, with the exception of emergency room visits the City will pay 100% of additional out-of-network services.
- Drug costs will be a \$5/\$25/\$50 co pay throughout the year and are not part of the deductible, co-insurance or out of pocket maximum.

Definition of Terms

Monthly Employee Premium:

- Amount paid monthly by each member, or member contribution.
- The Employee Benefits Division (EBD) is proposing an employee premium of 12% of the total premium.
- With few exceptions all non-safety public employees throughout the state will be paying 12% of the total cost of their premium.

Total Monthly Premium:

- Amount charged for an insured health plan, or used as the equivalent monthly cost of a self-funded plan.

Deductible:

- amount paid before health plan pays first dollars
- The EBD is proposing a \$500 deductible for the HMO type plan and a \$750 deductible for the Basic Plan. This means all services – provider visits, hospital visits, emergency room – are paid by the member till they reach \$500, with exception of prescription drug costs and preventive services.

Co-insurance:

- Co-insurance is a specific percentage of the total cost of a service that is paid by member.
- The EBD is proposing a 10% co-insurance for the HMO style plan, which means that after an employee pays their \$500 deductible the employee would pay up to another \$500 out of pocket if their services reached a total of \$5000 (Employer would pay \$4500 / 90%). After the deductible and co-insurance the employee will reach their out of pocket maximum and the plan will pay at 100%.

Maximum out of Pocket:

- Beyond a certain contribution by the employee, services are covered at 100% by the employer or health insurance plan
- The City is proposing a \$1000 out of pocket maximum per person for the HMO style plan. After this, with exception of emergency room co-pay, medical costs would be paid at 100%.

Co-pays:

- Co-pays are specific dollar amounts that a member pays for a service.
- City employees would have a three-tier co-pay for drugs at \$5/\$25/\$50 in 2012 with both the HMO and the Basic Plan.

Steerage, In-Network and Out-of-Network:

- Steerage is used to direct employees to a network or providers or hospitals that have higher quality or lower cost, or are in a “network.”
- Steerage typically means that an employer will pay a higher percentage for “in-network” service (90%) and a lower percentage (70%) for “out of network” services.
- The City is proposing steerage with the Basic Plan type benefit.
- The HMO type plan provides no out-of-network benefits with the exception of emergency room services.

| <u>Basic Plan/HMO comparison</u> | <u>HMO Proposed benefits</u> | <u>Basic Plan Proposed benefits</u> |
|--------------------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------|
| Preventive Care: | Covered at 100% | Covered at 100% |
| Deductible in network | \$500 single, \$1000 family | \$750 single, \$1500 family |
| Deductible out of network | No coverage | \$1500 single, \$3000 family |
| Hospital in network (In-patient/out-patient) | 90% after deductible | 90% after deductible |
| Hospital out of network (In-patient/out-patient) | No coverage | 70% after deductible |
| Co insurance in network (Office visits, non-hospital) | 90% after deductible | 90% after deductible |
| Co insurance out of network (Office visits, non-hospital) | No Coverage | 70% after deductible |
| Out of pocket maximum in network | \$1000 single, \$2000 family | \$1500 single, \$3000 family |
| Out of pocket maximum out of network | No coverage | \$3000 single, \$6000 family |
| Emergency Room visits | Member has \$150 co-pay after deductible, out of pocket maximum reached | \$150 after deductible and out of pocket maximum reached |
| Drug co-pays | \$5/\$25/\$50 co-pay | \$5/\$25/\$50 co-pay |
| Employee Premium | 12% of projected cost monthly (For General City) | 12% of projected cost monthly (For General City) |
| Premium Tier structure | Four tier | Four tier |

LRB-Research & Analysis Section

Finance & Personnel Committee
File: 110300

July 20, 2011
Aaron Cadle

Title: Substitute resolution authorizing the Department of Employee Relations to change the plan design of the City's health insurance benefits program, and to set health insurance premium contribution rates for City employees and retirees.

Introduction

This resolution authorizes the Department of Employee Relations (DER) to:

- 1) Change the City's health insurance benefits plan design for employees and retirees. Highlights are provided below:
 - A. Self-insured EPO – Replaces insured HMO:
 - 1) \$500/deductible
 - 2) 10% employee/retiree co-pay
 - 3) \$1,000 max. out-of-pocket (\$2,000 per family)
 - 4) \$150/ Emergency Room visit after deductible
 - 5) Prescriptions - \$5/\$25/\$50
 - 6) No coverage out-of-network
 - B. Self-insured Basic Plan
 - 1) \$750/deductible
 - 2) 10% employee/retiree co-pay
 - 3) \$1,500 max. out-of-pocket (\$3,000 per family)
 - 4) \$150/ Emergency Room visit after deductible
 - 5) Prescriptions – 20% employee/retiree co-pay
 - 6) 30% employee/retiree co-pay out-of-network
- 2) Require all active general City employees, excluding Police and Fire except civilian employees of these departments, to pay 12% of their total 2012 health premium cost.
- 3) Stipulate general City employees, including civilian employees of the Police and Fire departments, retiring after December 31, 2011, will make the same health insurance premium contribution as active general City employees.

These plan design changes will affect approximately 4,300 retirees plus 6,000 active employees including Police and Fire personnel.

Plan Design Change Process

The following ad hoc committee was convened to consider health insurance benefit plan design changes:

| | |
|------------------|-----------------------|
| Mike Brady | DER – Benefits |
| Maria Monteagudo | DER |
| Troy Hamblin | DER – Labor Relations |
| Mark Nicolini | Budget Office |
| Dennis Yaccarino | Budget Office |
| Renee Joos | Budget Office |

The Mayor's Office provided regular input to this committee.

This committee asked UnitedHaelthcare, the City's current insured HMO provider, to calculate the potential savings for the City as a percentage of 2011 HMO costs for 24 plan design alternatives if the City continued to offer its insured HMO plan. A list of these alternative plan designs, and a summary of changes and the associated cost savings is attached to this analysis.

The general range of alternatives reviewed was as follows:

| | <u>From:</u> | <u>To:</u> |
|---------------------|--------------|------------|
| Deductibles | | |
| Individual | \$ 350 | \$1,000 |
| Family | \$ 700 | \$2,000 |
| Participant Co-pays | 0% | 20% |
| Out-of-Pocket Caps | | |
| Individual | \$ 500 | \$3,000 |
| Family | \$1,000 | \$6,000 |
| Potential Savings | 7.4% | 22.22% |

Based on the 2011 insured HMO rates for the 2011 plan design and current enrollment, HMO premium costs would total \$120,880,322, so for each percentage point of potential savings resulting in plan design

changes, the City might expect to save \$1,208,803 – a savings of 7.4% could potentially save the City \$8,945,144 while a 22.22% savings would mean a \$26,859,608 savings. These savings are from plan design changes alone, and do not include City savings from health insurance premium contributions made by active employees and retirees.

UnitedHealthcare estimated the plan design recommended by DER would have saved the City 15.6%, or \$18,857,327 using the above formula, if the City had chosen to continue to offer its insured HMO.

It is unknown what process the ad hoc committee used in arriving at the plan design recommended.

Premium Contributions – Employees & Retirees

The ad hoc committee recommends that non-safety employees be required to pay 12% of their health insurance premiums even though, in the opinion of the City Attorney, state law limiting to 88% the amount public entities can contribute to employee health insurance premium benefits, do not apply to the City.

The State maintains this limitation was designed to allow local public entities to recoup state aid cuts – \$10 million cut from shared revenue plus cuts in street repair and recycling funding to total approximately \$14 million in cuts for the City – although the logical link between general aid cuts and employee benefits is not clear.

DER is projecting the City will save \$4 million by charging employees 12% for their health insurance premium. This falls short of the \$14 million in state aid cuts in part because only 3,774 of the City's 6,040 active employees are required to make contributions. The City's 2,266 Police and Fire, non-civilian personnel are exempted by union contract.

Projected Savings – Recommended Plan Design

DER projects the following savings:

| Projected Savings | |
|-----------------------------------|--------------|
| Plan Design Changes | \$15,000,000 |
| Switch to Self-insured HMO | \$ 6,000,000 |
| Employee Contribution to Premiums | \$ 4,000,000 |
| Total | \$25,000,000 |

These projected savings exceed the \$14 million cut in state aid by 79% or \$11,000,000. DER indicates its goal was never to simply cut costs. DER believes the total package of changes – the plan design changes, the switch to a self-insured HMO-style program and premium contributions – create a “sustainable” and “logical” healthcare benefit package that will stabilize the City’s healthcare benefit costs in the future.

DER suggests this additional \$11,000,000 in savings might somehow help address the need for pension contributions in the future. It is unknown whether is savings would be reserved for future pension contributions or any other purpose, used to fund other City programs or ratchet down overall City spending in 2012.

List of Plan Design Alternatives, Summary of Changes & Associated Potential Savings Provided by UnitedHaelthcare as Requested by the Ad Hoc Committee Reviewing Health Insurance Plan Design Options:

| | Deductible | | | Out-of-Pocket | | Potential |
|---------|------------|----------|--------|---------------|----------|-----------|
| | Individual | Family | Co-Pay | Individual | Family | Savings |
| Alt. 1 | \$ 500 | \$ 1,000 | 0.00% | \$ 500 | \$ 1,000 | 7.40% |
| Alt. 2 | \$ 500 | \$ 1,000 | 10.00% | \$ 2,000 | \$ 4,000 | 12.06% |
| Alt. 3 | \$ 500 | \$ 1,000 | 20.00% | \$ 3,000 | \$ 6,000 | 15.86% |
| Alt. 4 | \$ 500 | \$ 1,000 | 0.00% | \$ 500 | \$ 1,000 | 10.04% |
| Alt. 5 | \$ 625 | \$ 1,250 | 0.00% | \$ 625 | \$ 1,250 | 9.37% |
| Alt. 6 | \$ 625 | \$ 1,250 | 0.00% | \$ 625 | \$ 1,250 | 10.04% |
| Alt. 7 | \$ 650 | \$ 1,300 | 0.00% | \$ 650 | \$ 1,300 | 9.66% |
| Alt. 8 | \$ 675 | \$ 1,350 | 0.00% | \$ 675 | \$ 1,350 | 9.94% |
| Alt. 9 | \$ 350 | \$ 700 | 10.00% | \$ 2,000 | \$ 4,000 | 10.33% |
| Alt. 10 | \$ 500 | \$ 1,000 | 10.00% | \$ 2,000 | \$ 4,000 | 13.19% |
| Alt. 11 | \$ 1,000 | \$ 2,000 | 10.00% | \$ 2,000 | \$ 4,000 | 16.57% |
| Alt. 12 | \$ - | \$ - | 0.00% | \$ - | \$ - | 1.89% |
| Alt. 13 | \$ 500 | \$ 1,000 | 0.00% | \$ 500 | \$ 1,000 | 9.80% |
| Alt. 14 | \$ 500 | \$ 1,000 | 10.00% | \$ 1,000 | \$ 2,000 | 13.08% |
| Alt. 15 | \$ 500 | \$ 1,000 | 10.00% | \$ 2,000 | \$ 4,000 | 14.45% |
| Alt. 16 | \$ 500 | \$ 1,000 | 10.00% | \$ 3,000 | \$ 6,000 | 14.98% |
| Alt. 17 | \$ 500 | \$ 1,000 | 20.00% | \$ 1,000 | \$ 2,000 | 14.03% |
| Alt. 18 | \$ 500 | \$ 1,000 | 20.00% | \$ 2,000 | \$ 4,000 | 17.04% |
| Alt. 19 | \$ 500 | \$ 1,000 | 20.00% | \$ 3,000 | \$ 6,000 | 18.26% |
| Alt. 20 | \$ 1,000 | \$ 2,000 | 0.00% | \$ 1,000 | \$ 2,000 | 15.31% |
| Alt. 21 | \$ 1,000 | \$ 2,000 | 10.00% | \$ 2,000 | \$ 4,000 | 18.96% |
| Alt. 22 | \$ 1,000 | \$ 2,000 | 10.00% | \$ 3,000 | \$ 6,000 | 19.20% |
| Alt. 23 | \$ 1,000 | \$ 2,000 | 20.00% | \$ 2,000 | \$ 4,000 | 20.54% |
| Alt. 24 | \$ 1,000 | \$ 2,000 | 20.00% | \$ 3,000 | \$ 6,000 | 22.22% |



City of Milwaukee Fiscal Impact Statement

A

Date 7/11/2011 File Number 110300 ☒ Original ☐ Substitute
Subject Authorize the Department of Employee Relations to administer health insurance benefits for City employees

B

Submitted By (Name/Title/Dept./Ext.) Michael Brady, Employee Benefits Director, Department of Employee Relations, 2317

C

- This File
- ☐ Increases or decreases previously authorized expenditures.
 - ☐ Suspends expenditure authority.
 - ☐ Increases or decreases city services.
 - ☒ Authorizes a department to administer a program affecting the city's fiscal liability.
 - ☐ Increases or decreases revenue.
 - ☐ Requests an amendment to the salary or positions ordinance.
 - ☐ Authorizes borrowing and related debt service.
 - ☐ Authorizes contingent borrowing (authority only).
 - ☐ Authorizes the expenditure of funds not authorized in adopted City Budget.

D

- Charge To
- ☐ Department Account
 - ☐ Capital Projects Fund
 - ☐ Debt Service
 - ☐ Other (Specify) _____
 - ☐ Contingent Fund
 - ☒ Special Purpose Accounts
 - ☐ Grant & Aid Accounts

E

| Purpose | Specify Type/Use | Expenditure | Revenue |
|--------------------|------------------|-------------|---------|
| Salaries/Wages | | \$0.00 | \$0.00 |
| | | \$0.00 | \$0.00 |
| Supplies/Materials | | \$0.00 | \$0.00 |
| | | \$0.00 | \$0.00 |
| Equipment | | \$0.00 | \$0.00 |
| | | \$0.00 | \$0.00 |
| Services | | \$0.00 | \$0.00 |
| | | \$0.00 | \$0.00 |
| Other | | \$0.00 | \$0.00 |
| | | \$0.00 | \$0.00 |
| TOTALS | | \$ 0.00 | \$ 0.00 |

F

Assumptions used in arriving at fiscal estimate. _____

G

For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately.

☐ 1-3 Years ☐ 3-5 Years☐ 1-3 Years ☐ 3-5 Years☐ 1-3 Years ☐ 3-5 Years**H**

List any costs not included in Sections D and E above. _____

I

Additional information. The Fiscal impact of this resolution are seen in other resolutions. _____

JThis Note ☐ Was requested by committee chair.



Legislation Details (With Text)

File #: 110301 **Version:** 0

Type: Resolution **Status:** In Committee

File created: 7/6/2011 **In control:** FINANCE & PERSONNEL COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Resolution authorizing the Department of Employee Relations to administer dental benefits for City employees.

Sponsors: THE CHAIR

Indexes: DEPARTMENT OF EMPLOYEE RELATIONS, HEALTH INSURANCE

Attachments:

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 7/6/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
110301
Version
ORIGINAL
Reference

Sponsor
THE CHAIR
Title
Resolution authorizing the Department of Employee Relations to administer dental benefits for City employees.
Requestor

Drafter
DER
mb
6/28/11



Legislation Details (With Text)

File #: 110319 **Version:** 0

Type: Resolution **Status:** In Committee

File created: 7/6/2011 **In control:** FINANCE & PERSONNEL COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Resolution to extend current health insurance benefits to certain employee groups.

Sponsors: THE CHAIR

Indexes: DEPARTMENT OF EMPLOYEE RELATIONS, HEALTH INSURANCE

Attachments:

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 7/6/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
110319
Version
ORIGINAL
Reference

Sponsor
THE CHAIR
Title
Resolution to extend current health insurance benefits to certain employee groups.
Requestor

Drafter
DER
mb
6/28/11



Legislation Details (With Text)

File #: 110145 **Version:** 1
Type: Resolution **Status:** In Committee
File created: 5/24/2011 **In control:** FINANCE & PERSONNEL COMMITTEE
On agenda: **Final action:**
Effective date:
Title: Substitute resolution authorizing attendance at conventions, seminars and other travel.
Sponsors: THE CHAIR
Indexes: CONVENTIONS, SEMINARS
Attachments: Conference Information

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 5/24/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
110145
Version
Substitute 1
Reference

Sponsor
THE CHAIR
Title
Substitute resolution authorizing attendance at conventions, seminars and other travel.

Body
Resolved, By the Common Council of the City of Milwaukee, that attendance of the following person (s) at the following convention(s) and/or seminar(s) is approved, to be paid from departmental budgeted funds, such travel and reimbursement to be in accordance with policy guidelines set forth in 350-181 of the Milwaukee Code of Ordinances:

1. Two members of the Common Council; "National League of Cities 2011 Congress of Cities and Exposition"; November 9-12, 2011; Phoenix, AZ; \$3100.00.

; and, be it

Further Resolved, That the dollar amount shown for each authorized convention, seminar and other travel listed above is simply an ESTIMATE of the convention, seminar and other travel attendance expenses anticipated to be paid or reimbursed by the city, and is primarily included to facilitate the making of the necessary dollar advances for such purposes; and, be it

Further Resolved, That ACTUAL city payment (or reimbursement) for convention, seminar and other

travel expenses incurred and reported by the attendee, reporting requirements, control procedures, etc., shall be in accordance with the Authorized Travel Regulations and Procedures Ordinance of the Milwaukee Code of Ordinances.

Further Resolved, That the Common Council President is authorized to attend any of the above conventions that he deems necessary and advisable, to be paid from funds budgeted under section 304-13, Milwaukee Code.

Drafter
City Clerk's Office
tb
7/18/11

NLC PHOENIX 2011

NATIONAL LEAGUE OF CITIES CONGRESS OF CITIES AND EXPOSITION

REGISTRATION & HOUSING FORM

Phoenix Convention Center, Phoenix, Arizona – November 9-12, 2011

PLEASE SELECT YOUR REGISTRATION TYPE:

| TYPE OF REGISTRANT | By 7/7/11 Early | By 9/15/11 Advanced | After 9/15/11 Standard | On-site |
|---------------------------------------------------|---------------------------|-------------------------------|----------------------------------|----------------|
| <input type="checkbox"/> NLC Member City | \$410 | \$435 | \$540 | \$640 |
| <input type="checkbox"/> Associate Member | \$410 | \$435 | \$540 | \$640 |
| <input type="checkbox"/> SML Member City | \$490 | \$550 | \$660 | \$760 |
| <input type="checkbox"/> Non-Member City | \$535 | \$625 | \$790 | \$890 |
| <input type="checkbox"/> Student | \$175 | \$175 | \$175 | \$175 |
| <input type="checkbox"/> Spouse/Guest* | \$85 | \$85 | \$85 | \$85 |
| <input type="checkbox"/> Youth Delegate (15-18)** | \$100 | \$100 | \$100 | \$100 |
| <input type="checkbox"/> Youth Chaperone*** | \$100 | \$100 | \$100 | \$100 |
| <input type="checkbox"/> Child (14 and under) | Free | Free | Free | Free |

PLEASE CHECK IF YOU ARE

- ☐ Newly Elected Official
☐ First-Time Attendee

PLEASE CHOOSE MUNICIPALITY SIZE:

- ☐ Under 1,000 – 30,000
☐ 30,001 – 50,000
☐ 50,001 – 199,999
☐ 200,000 – 500,000
☐ 500,001 – 1,000,000
☐ 1,000,000 and Over

Name _____ Gender _____
 Title _____ Age _____
 City/Organization _____
 Mailing Address _____
 City _____ State _____ Zip _____
 Phone _____ Fax _____ E-mail _____

PLEASE CHECK ALL ADDITIONAL ACTIVITIES THAT YOU WOULD LIKE TO ATTEND. *Charges are in addition to registration fee.*

LEADERSHIP TRAINING SEMINARS

Leadership Training Seminars are only offered to delegates registered for the full conference.
 Seminar Titles and Descriptions Available Online (www.nlc.org)

WEDNESDAY

All Day Seminar

- ☐ L01 \$180
AM Seminars
☐ L02 \$120
☐ L03 \$120
☐ L04 \$120

PM Seminars

- ☐ L05 \$120
☐ L06 \$120
☐ L07 \$120
☐ L08 \$140

THURSDAY

AM Seminars

- ☐ L09 \$120
☐ L10 \$120
☐ L11 \$120
☐ L12 \$120
☐ L13 \$120

Leadership Luncheon

- ☐ L15 \$40

Gay, Lesbian, Bisexual and Transgender Local Officials (GLBTLO)

- ☐ GLBTLO Dues/Activities \$75

Hispanic Elected Local Officials (HELO)

- ☐ HELO Dues/Activities (elected/member city) \$130
☐ HELO Dues/Activities (elected/nonmember city) \$140
☐ HELO Dues/Activities (supporting/corporate member) \$155
☐ HELO Activity Fee (nonmember only) \$75

National Black Caucus of Local Elected Officials (NBC-LEO)

- ☐ NBC-LEO Dues/Activities (elected/member city) \$215
☐ NBC-LEO Dues/Activities (elected/nonmember city) \$240
☐ NBC-LEO Dues/Activities (supporting member) \$315
☐ NBC-LEO Membership Luncheon Event (nonmember only) \$85

Women in Municipal Government (WIMG)

- ☐ WIMG Dues/Award Luncheon/Activities (elected/member city) \$115
☐ WIMG Dues/Award Luncheon/Activities (elected/nonmember city) \$125
☐ WIMG Dues/Award Luncheon/Activities (supporting member) \$145
☐ WIMG Award Luncheon/Activities (nonmember only) \$145

CONSTITUENCY GROUPS

Constituency group dues or fees can only be paid by fully registered delegates. Spouse, guest and youth registration categories are not eligible for payment of constituency group dues and fees.

Asian Pacific American Municipal Officials (APAMO)

- ☐ APAMO Dues/Activities (elected/member city) \$85
☐ APAMO Dues/Activities (elected/nonmember city) \$100
☐ APAMO Dues/Activities (supporting/corporate member) \$150

OFFICE USE ONLY: Payment _____ Check# _____ Amount _____

Registration Cancellation Policy:

All requests must be received in writing, postmarked by October 17, 2011, and are subject to a \$100 cancellation fee. No partial refunds will be made if you decide not to attend particular functions. No registrations or cancellations will be accepted by telephone. No cancellations will be accepted after October 17, 2011.

TOTAL REGISTRATION FEE: \$ _____

FOR MORE INFORMATION: nlcregandhousing@isporgo.com or 888-319-3864 or 703-449-6418

*Spouse/Guest not eligible for a separate hotel room. Fee is NONREFUNDABLE.

**Local officials are encouraged to register youth as active participants in this conference to contribute to NLC's youth agenda. If the youth delegate requires hotel accommodations separate from yours, attach their registration form with your completed form.

***Local Elected City Officials are not eligible for this rate.

HOTEL RESERVATIONS

Name (first and last) _____

You must be registered for the Conference to reserve a hotel room. To guarantee your room, all hotels require one night's deposit plus 13.27% tax (subject to change), 30 days prior to your arrival. This is required even if you plan to arrive before 6:00 p.m. If accommodations are not guaranteed 30 days in advance, the reservation will be canceled.

- ☐ Please make my hotel reservation as indicated below.
- ☐ I do not require hotel accommodations at any of the hotels listed below.
- ☐ Although I am providing information for a standard room now, please contact me regarding suite information.

ROOM DATES:

Arrival Date: _____ Departure Date: _____

ROOM TYPE:

- ☐ Single (1 person/1 bed)
 - ☐ Double (2 people/1 bed)
 - ☐ Double/Double (2 people/2 beds)
 - ☐ Triple (3 people/2 beds)
 - ☐ Quad (4 people/2 beds)
- ☐ Smoking
 - ☐ Non-Smoking

Room types cannot be guaranteed but Hotels will attempt to accommodate all requests. *Rates quoted are for single and/or double occupancy. Hotel may charge an additional fee for more than two occupants.

Sharing My Room With (for Hotel Rate and Check In Purposes):

- 1) _____
- 2) _____
- 3) _____

SPECIAL HOUSING REQUEST

(e.g., wheelchair accessible rooms, etc.):

If you have special housing or transportation needs, please contact NLC Meeting Services.

Hotel Choices: Indicate your first-choice hotel with the number "1". Number the other hotels from "2" to "9" in order of preference. Sheraton Phoenix Downtown is the headquarters hotel.

| HOTEL | SMOKING PROPERTY? | SGL/DBL |
|----------------------------------------------------------------------|-------------------|-------------|
| <input type="checkbox"/> Sheraton Phoenix Downtown | No | \$210/\$210 |
| <input type="checkbox"/> Hilton Garden Inn Phoenix Midtown | No | \$119/\$119 |
| <input type="checkbox"/> Holiday Inn & Suites Phoenix Airport North | No | \$169/\$169 |
| <input type="checkbox"/> Holiday Inn Express Hotel & Suites Downtown | No | \$139/\$139 |
| <input type="checkbox"/> Hotel San Carlos | Yes | \$120/\$120 |
| <input type="checkbox"/> Hyatt Regency Phoenix | No | \$185/\$185 |
| <input type="checkbox"/> Radisson Hotel Phoenix City Center | No | \$129/\$129 |
| <input type="checkbox"/> Springhill Suites Phoenix Downtown | No | \$159/\$159 |
| <input type="checkbox"/> Wyndham Phoenix | Yes | \$185/\$185 |

Hotel Deposit Information: All major credit cards with expiration date of 11/11 or later are accepted at the conference hotels. All checks must be submitted to the hotel after September 5 but before October 5 and are subject to approval. Please include your 6 digit REG ID # indicated on the NLC Meeting Services confirmation.

REGISTRATION FEE PAYMENT INFORMATION

- ☐ Charge my REGISTRATION FEES to VISA, MasterCard or AMEX listed below
- ☐ Check for REGISTRATION FEES made payable to National League of Cities
- ☐ Purchase Order for REGISTRATION FEES - copy must be enclosed & payment must be received by October 11, 2011.

HOTEL DEPOSIT PAYMENT INFORMATION:

You must check one of the options below.

- ☐ Charge my HOTEL DEPOSIT to the credit card listed below
- ☐ Check for HOTEL DEPOSIT – please submit to hotel address noted on confirmation after September 5 and before October 5 - subject to hotel approval.

Credit Card Authorization: NLC Registration and Housing Services is authorized to use the card below to pay all applicable registration fees and guarantee my hotel reservation. I understand that one night's room charge will be forfeited if I fail to show up for my assigned housing on the confirmed arrival date unless I have canceled my reservation with the hotel at least 72 hours in advance. I understand that if I do not show at the hotel on my confirmed arrival date, my reservation will not be reinstated for remainder of the stay unless I instruct the hotel to reinstate my reservation. Reinstated reservations are subject to hotel's availability.

Visa/MasterCard/AMEX Number _____

Exp. Date _____

Card Holder Name _____

Card Holder Signature _____

Additional Credit Card Authorization: For hotel deposit only if different than the credit card number listed above. (Expiration date must be 11/11 or later, per hotel requirement.)

Visa/MasterCard/AmEx Number _____

Exp. Date _____

Card Holder Name _____

Card Holder Signature _____

RETURN CONFERENCE REGISTRATION AND HOUSING FORM TO:

FAX: 703-631-6288

MAIL:

NLC Registration & Housing Services,

c/o J. Spargo & Associates, Inc.

11208 Waples Mill Road, Suite 112, Fairfax, VA 22030

MAKE A COPY OF THIS FORM FOR YOUR RECORDS





Legislation Details (With Text)

File #: 110339 **Version:** 1
Type: Ordinance **Status:** In Committee
File created: 7/6/2011 **In control:** FINANCE & PERSONNEL COMMITTEE
On agenda: **Final action:**
Effective date:
Title: A substitute ordinance to further amend the 2011 rates of pay of offices and positions in the City Service.
Sponsors: THE CHAIR
Indexes: SALARY ORDINANCE
Attachments:

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 7/6/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number

110339

Version

Substitute 1

Reference

100413

Sponsor

THE CHAIR

Title

A substitute ordinance to further amend the 2011 rates of pay of offices and positions in the City Service.

Analysis

This substitute ordinance changes the rates of pay in the following department:

Employees' Retirement System, Various departments represented by Association of Law Enforcement Allied Services Personnel and Milwaukee Police Association

Body

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. Part 1, Section 2 of ordinance File Number 100413 relative to rates of pay of offices and positions in the City Service is hereby amended as follows:

Under Salary Grade 06, add the title of "Database Associate".

Under Salary Grade 07, delete the title "Member Services Manager".

Under Salary Grade 10, add the title "Retirement Plan Manager" and footnote designation "4" to read as

follows: “4/ Recruitment may be at any rate in the salary grade with prior written approval by the Department of Employee Relations and the Chair of the Committee on Finance & Personnel”.

Under Salary Grade 11, delete the title “ERS Financial Officer”.

Under Salary Grade 12, add the title “ERS Chief Financial Officer” and footnote designation “3” to read as follows: “3/ Recruitment may be at any rate in the salary grade with prior written approval by the Department of Employee Relations and the Chair of the Committee on Finance & Personnel”.

Under Salary Grade 14, delete the title “ERS Deputy Director”.

Under Salary Grade 15, add the title “ERS Deputy Director”.

Part 2. Part 1 of ordinance File Number 100413 relative to rates of pay of offices and positions in the City Service is hereby amended as follows:

Under Sec. 3, delete the current heading and add the following “Operations, Maintenance, Laboring, and related classes (District Council 48, AFSCME; ALEASP)” and add the following statement: “Effective Pay Period 18, 2011 through Pay Period 26, 2011 employees represented by ALEASP shall not have any pay step advancement.”

Under Sec. 4 add the following statement: “Effective Pay Period 18, 2011 through Pay Period 26, 2011 employees represented by ALEASP shall not have any pay step advancement.”

Under Sec. 5 add the following statement: “Effective Pay Period 18, 2011 through Pay Period 26, 2011 employees represented by ALEASP shall not have any pay step advancement.”

Under Sec. 6 add the following statement: “Effective Pay Period 18, 2011 through Pay Period 26, 2011 employees represented by the Police Aide Unit, Local 21, of the Milwaukee Police Association shall not have any pay step advancement.”

Under Sec. 7 add the following statement: “Effective Pay Period 18, 2011 through Pay Period 26, 2011 employees represented by ALEASP shall not have any pay step advancement.”

Under Sec. 8 add the following statement: “Effective Pay Period 18, 2011 through Pay Period 26, 2011 employees represented by ALEASP shall not have any pay step advancement.”

Under Sec. 9 add the following statement: “Effective Pay Period 18, 2011 through Pay Period 26, 2011 employees represented by ALEASP shall not have any pay step advancement.”

Under Sec. 23 delete the current heading and add the following “Hourly, Part-time, Intermittent; Miscellaneous Personnel (classes paid biweekly are represented by District Council 48, AFSCME; ALEASP; or are Nonrepresented)” and add the following statement: “Effective Pay Period 18, 2011 through Pay Period 26, 2011 employees represented by ALEASP shall not have any pay step advancement.”

Part 3. Part 2 of ordinance File Number 100413 relative to rates of pay of offices and positions in the City Service is hereby amended as follows:

Under Sec. 2, add the following statement: “Effective Pay Period 18, 2011 through Pay Period 26, 2011

employees represented by ALEASP or the Police Aide Unit, Local 21, of the Milwaukee Police Association shall not have any pay step advancement” prior to the last sentence in the paragraph beginning with “Salary Advancement Non-Management Employees” and prior to the last sentence in the paragraph beginning with “Timing of Salary Advancement - Nonmanagement Employees.”

Under Sec. 2, add the following statement: “Effective Pay Period 18, 2011 through Pay Period 26, 2011 employees represented by ALEASP shall not have any pay step advancement.” prior to the last sentence in the paragraph beginning with “Hourly Employees - Rates of Pay - Salary Advancement”.

Under Sec. 3, add the following statement: “Effective Pay Period 18, 2011 through Pay Period 26, 2011 employees represented by ALEASP shall not have any pay step advancement” prior to the last sentence in the paragraph beginning with “Candidates with Master’s Degrees”.

Part 4. All ordinances or parts of ordinances contravening the provisions of this ordinance are hereby repealed.

Part 5. The provisions of Part 2 and Part 3 of this ordinance are deemed to be in force and effect from and after Pay Period 18, 2011 (August 21, 2011).

The provisions of all other parts of this ordinance are deemed to be in force and effect from and after its passage and publication.

Part 6. This ordinance will take effect and be in force from and after its passage and publication.

Drafter
City Clerk's Office
tb
7/18/11



Legislation Details (With Text)

File #: 110340 **Version:** 1
Type: Ordinance **Status:** In Committee
File created: 7/6/2011 **In control:** FINANCE & PERSONNEL COMMITTEE
On agenda: **Final action:**
Effective date:
Title: A substitute ordinance to further amend the 2011 offices and positions in the City Service.
Sponsors: THE CHAIR
Indexes: POSITIONS ORDINANCE
Attachments:

| Date | Ver. | Action By | Action | Result | Tally |
|-----------|------|-------------------------------|----------------------|--------|-------|
| 7/6/2011 | 0 | COMMON COUNCIL | ASSIGNED TO | | |
| 7/18/2011 | 0 | FINANCE & PERSONNEL COMMITTEE | HEARING NOTICES SENT | | |

Number
110340
Version
Substitute 1
Reference
100414
Sponsor
THE CHAIR
Title

A substitute ordinance to further amend the 2011 offices and positions in the City Service.

Analysis

This substitute ordinance changes positions in the following departments:

Department of Administration, Employees' Retirement System, Health Department, Department of Neighborhood Services, Police Department

Body

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. Section 1 of ordinance File Number 100414 relative to offices and positions in the City Service is hereby amended as follows:

Under "Department of Administration-Information and Technology Management Division, Enterprise Databases", delete one position of "GIS Developer - Project Leader", and add one position of "Systems Analyst -Project Leader"; under "Departmental Applications Support", delete two positions of "Systems Analyst-Sr." and add one position of "Database Associate" and one position of "Programmer II".

Under "Employees' Retirement System, Fiscal Services", delete one position of "ERS Financial Officer (Y)" and add one position of "ERS Chief Financial Officer (Y)"; under "Membership Services", delete one position of "Membership Services Manager (Y)" and add one position of "Retirement Plan Manager (Y)"; under "Information Systems", delete one position of "Network Coordinator-Senior" and add one position of

“Network Administrator”.

Under “Health Department”, amend footnote “(L)” to read as follows: “To expire 07-31-12 unless the HIV Women’s Project Grant, available from the Medical College of Wisconsin, is extended” and amend footnote “(P)” to read as follows: “To expire 07-31-12 unless the Bioterrorism Focus CRI Grant is extended. Also partially funds the position of Public Health Emergency Response Planning Coordinator.”

Under “Health Department, Disease Control and Environmental Health Services Division, Sexually Transmitted Disease Clinic”, delete 8 positions of “Communicable Disease Specialist (X)(F)(BBB)”, add 8 positions of “Communicable Disease Specialist (X)(F)(BBB)(DDD)” and add footnote “(DDD)” to read as follows: “To expire 06-30-12 unless the Seek, Test, Treat (STT): Addressing HIV in the Criminal Justice System Grant, available from the Medical College of Wisconsin’s Center for AIDS Intervention and Research (CAIR), is extended”; under “Disease Control and Environmental Health Services Division, Bioterrorism-CDC Public Health Preparedness Grant (A)”, delete one position of “Infectious Disease Epidemiologist (X)(Y)(A)(EE)(CC)”, add one position of “Infectious Disease Epidemiologist (X)(Y)(A)(EE)” and amend footnote “(A)” to read as follows: “To expire 07/31/12 unless the CDC Public Health Preparedness Grant is extended. Partially funds Public Health Pandemic Planning Coordinator.”

Under “Health Department, Family and Community Health Services Division, Women’s, Infant’s and Children’s Nutrition Program Grant (C)”, delete two positions of “Health Project Coordinator-WIC (X)(C)”, two positions of “Nutritionist (X)(C)”, five positions of “Dietetic Technician (X)(C)”, and one position of “Public Health Nurse (X)(G)(C)” and add one position of “Health Project Coordinator-WIC (X)(C)(Q)”, two positions of “Nutritionist (X)(C)(Q)”, six positions of “Dietetic Technician (X)(C)(Q)”, and one position of “Public Health Nurse (X)(G)(C)(Q)” and amend footnote “(Q)” to read as follows: “To expire 09/30/12 unless the FIT Families (WIC) from the State of Wisconsin Department of Health Services, is extended.”

Under “Department of Neighborhood Services, Code Enforcement Section”, add one position of “Building Codes Enforcement Supervisor (X)” and add one position of “Office Assistant IV”; under “Court Section”, add two positions of “Special Enforcement Inspector (X)”.

Under “Police Department, Administration Services Decision Unit, Safety Division”, add ten positions of “School Crossing Guard (V)” and add footnote “(V)” to read as follows: “Position to expire 12/31/12 unless the I-94 N-S Corridor Reconstruction grant agreement with the Wisconsin Department of Transportation is extended.”

Part 2. All ordinances or parts of ordinances contravening the provisions of this ordinance are hereby repealed.

The provisions of this ordinance are deemed to be in force and effect from and after the first day of the first pay period following passage and publication.

Part 3. This ordinance will take effect and be in force from and after its passage and publication.

Drafter
City Clerk's Office
tb
7/18/11