



CITY OF NEW RICHMOND

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**November 25, 2014**

## **FINANCE COMMITTEE MEETING**

**Fred Horne  
Jim Zajkowski  
Jane Hansen**

**This is to inform you that there will be a Finance Committee Meeting on Monday, December 1, 2014 at 5:00 p.m. in the Administrator's Conference Room of the Civic Center, 156 East First Street, New Richmond.**

### **AGENDA:**

- 1. Roll Call**
- 2. Adoption of Agenda**
- 3. Approval of the minutes of the previous meeting, November 3, 2014**
- 4. 2015 Budget Book Review**
- 5. Organizational Chart Review - Recommendation to Proceed with Budget Book**
- 6. Insurance Update and Recommendation**
- 7. Unfunded Liabilities (Sick Time, Comp. Time, Vacation)**
- 8. Closed Session per State Statute 19.85 (1)(c)(g):**
  - a. Salary Updates/Staffing**
  - b. Airport Litigation**
- 9. Open Session - Action on Closed Session Agenda**
- 10. Communications and Miscellaneous**
- 11. Adjournment**

**Mike Darrow,  
City Administrator/Utility Manager**

**cc:**

**The News  
Northwest Community Communications  
City of New Richmond Web Site**

A majority of the members of the New Richmond City Council may be present at the above meeting.

Pursuant to State ex rel. Badke v. Greendale Village Board, 173 Wis. 2d 553, 494 N.W. 2<sup>nd</sup> 408 (1993) such attendance may be considered a meeting of the City Council and must be noticed as such, although the Council will not take action at this meeting.

FINANCE COMMITTEE MEETING

November 3, 2014 – 5:00 P.M.

Members Present: Fred Horne, Jim Zajkowski and Jane Hansen

Others Present: Mike Darrow, Nancy Petersen, Bev Langenback, Valerie Ripley,  
Representatives from the law offices of Eckberg Lammers, Williamson and Siler, and Bakke Norman

Fred Horne called the meeting to order and roll call was taken.

Jim Zajkowski moved to adopt the agenda as presented, seconded by Jane Hansen and carried.

Jane Hansen moved to approve the minutes of the previous Finance Committee meeting, October 6, 2014, seconded by Jim Zajkowski and carried.

**City Attorney Interviews**

Interviews for City Attorney were conducted. Discussions followed. A recommendation will be made to the City Council.

**LED Lighting Proposal**

Mike Darrow explained that the purchase price of LED street lighting has come down enough to justify evaluation for phased or mass replacement with the incumbent high pressure sodium and metal halide fixtures. Reduced maintenance costs are a significant factor in the benefits to LED replacement. Focus on Energy incentives are available for LED street light ranging from \$20 to \$60 per fixture depending on the savings achieved. It was expected that the incentives would only be available until December 31, 2014. Staff requested an extension of the incentive through 2015, which was approved.

Recommendation:

100 Watt HPS to 50 Watt LED conversion

\$236 Cost per fixture

(\$40) per fixture rebate from Focus on Energy

\$50 Installation cost

\$246 Full install cost

\$29.30 Annual Savings ~ 8.4 year simple payback      \$5,977 Annual Savings

\$246 install cost X 204 fixtures ~ \$50,184 Cost to City

The WPPI Energy Member Loan offers 0% financing (1.0% admin fee) for energy efficiency measures in municipal and utility facilities and can be used for street lighting. A loan term of ten years is available, offering annual savings greater than the loan payment for positive cash flow from year one.

Discussions followed. Jim Zajkowski moved to recommend to the City Council to proceed with the purchase of 204 x 50 Watt LED fixtures for replacement of 100 Watt high pressure sodium fixtures at an estimated cost of \$50,184, which includes rebates from Focus on Energy, and to utilize the WPPI Energy Member Loan Program at 0% financing (1% administrative fee) for a period of ten years, seconded by Jane Hansen and carried.

**Citizen's Field – Back Billing for Utilities**

Mike Darrow provided information on the back billing for the Citizen's field lighting, which had been incorrectly billed for several years. Further explanation was provided for the reason of the back billing, PSCW rules requiring utilities to back bill, explanation of demand rate, and options for the City. Discussions

followed and further information was requested.

**Accounts Receivable as of October 31, 2014**

Bev Langenback provided information regarding Accounts Receivable balances as of October 31, 2014 and Accounts Receivable billing and collection procedures. Discussions occurred and further information was requested. Accounts Receivable will be reviewed quarterly with the Finance Committee. Jim Zajkowski moved to take action to collect delinquent personal property taxes from S & S Housing, totaling approximately \$22,000, seconded by Jane Hansen and carried.

**Unfunded Liabilities and North Shore Bank Discussion**

This was tabled until the December meeting.

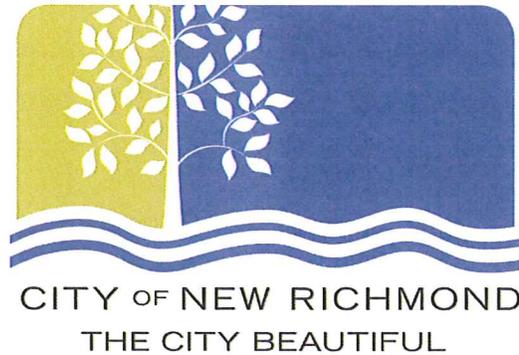
**Communication and Miscellaneous**

None

Jane Hansen moved to adjourn, seconded by Fred Horne, and carried.

Meeting adjourned at 7:32 p.m.

Valerie Ripley,  
Accounting and Office Assistant



**TO:** Finance Committee

**FROM:** Nancy Petersen, Finance Director  
Mike Darrow, City Administrator/Utility Manager

**DATE:** November 21, 2014

**RE: INSURANCE RECOMMENDATION**

**BACKGROUND:**

Insurance quotes were received from the League of Wisconsin Municipalities Mutual Insurance and from Arthur J. Gallagher & Co.

The League's insurance for general liability, law enforcement liability, public official's liability and automobile liability limit of liability are \$6,000,000 and have no aggregates meaning these are per occurrence. Also, there are no deductibles for any of the liability policies. Gallagher's insurance has lower limits of liability and has aggregates. Additionally, Gallagher's insurance has deductibles for both the law enforcement (\$1,000) and public official's liability (\$3,000) policies.

	<b>League</b>	<b>Gallagher</b>	<b>Currently Pay</b>
Airport	\$1,500	*\$2,600	*\$2,600
Total Prem. w/ Airport	\$229,908	\$227,528	\$241,748
1 <sup>st</sup> Yr Video Disct **	-\$2,700	None	None
Premium b/4 Dividends	\$227,208	\$227,528	\$241,748
Estim.%/Actual Divs/\$	~7.5-10%	~17.5-18%	-\$16,596
After Dividend Estim.	\$208,641	\$209,281	\$225,152

\* Gallagher does not handle Airport Insurance (Aero' Insurance).

\*\* 1<sup>st</sup> year discount if full council views a 30 minute video regarding public official's liability.

The League will provide a 2 year rate guarantee of \$229,908. The League pays dividends on all of the liability insurance as well as on worker's comp.

Cyber Liability is included in the League's Insurance at no extra charge and for \$2,110 as an option with Gallagher.

**RECOMMENDATION:**

Based on our review, we believe The League provides better overall insurance coverage with either no deductibles or lower deductibles. We recommend selecting the League of Wisconsin Municipalities Mutual Insurance for 2015.